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Latin America Report

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ARGENTINA

POLITICAL LEADERS VOICE OPINION ON CONSTITUTIONAL AMENDMENT

Buenos Aires CLARIN in Spanish 23 Apr 86 p 12

[Text] Vice President Victor Martinez yesterday confirmed his opposition to constitutional reform, which he regards as untimely. He also said that "A commission should study territorial integration," referring to the transfer of the federal capital and the establishment of a new province to include the city of Buenos Aires and its urban environs, based on the initiative sponsored by President Raul Alfonsin.

The vice president explained that the commission appointed to study the territorial issue would have to be made up of "parliamentary representatives, whether legislators or government officials with expertise in the matter."

Martinez made these statements yesterday after his usual Tuesday meeting with the chief of state. When asked about the proposal of the head of the radical deputies' bench, Cesar Jaroslavsky, concerning the unification of the parliamentary chambers, the vice president said he had learned of it "from the newspapers," and he added that "I do not like to make judgments which should have very serious foundations."

He said that this matter should be taken up within the framework of a constitutional reform, the thesis advocated by President Alfonsin, for which, Martinez said, "the time is not right, in my personal opinion."

Explanation

The head of the radical bloc of deputies, Cesar Jaroslavsky, explained that his proposal for the unification of the parliamentary chambers "was a plan intended to contribute to the betterment of us all." He added that one can observe from the way some countries in Europe operate that "when there is a regime with a parliamentary preponderance, there is a unicameral system."

National Deputy Marcelo Stubrin, for his part, said about parliamentary unification that "I do not believe that it is one of the aspects of the constitution which should be amended, although it is a proposal born in the heat of the founding of the Second Republic" announced by President Alfonsin.

Stubrin defended the presidential proposal, in particular in relation to the "possibility of an executive branch more effectively linked with the parliament and a cabinet with a future prime minister."

Similarly, he asserted the desirability of transferring the capital to the southern part of the country, within the framework of "structural changes the country needs."

Juan Manuel Casella, head of the UCR in the province of Buenos Aires, agreed with this view. He added that the transfer of the capital "is one of the most important ideas put forth in the country thus far in this century, from an overall point of view."

Luder Terms Measure Untimely

Former interim president Italo Luder maintained yesterday that it is not wise to amend the national constitution at this time because, he said, the socioeconomic crisis from which the country is suffering should be overcome first.

The Peronist leader made statements yesterday on his arrival at the headquarters of the Council for the Consolidation of Democracy at 400 Tucuman in this capital city, where he spoke on this subject.

Luder was the first of the specialists in constitutional law consulted by the members of the Council concerning the proposal by Argentine President Raul Alfonsin that the constitution be amended.

In Luder's view, the conditions needed for constitutional reform do not exist.

He added that the radical administration should take into account the fact that it is a transition government.

He pointed out, furthermore, that the Argentine constitution has a rigid system for amendment. Thus this would take at least 1 or 2 years, during which time an undesirable sensation of "juridical insecurity" would develop.

Luder, who participated in the constitutional amendment carried forward by the first Peronist government in 1949, arrived at the Council headquarters at 462 Tucuman at 6:30 pm. He spoke for almost 2 hours and left at about 8:30.

Meeting

President Alfonsin, together with the coordinator of the Council for the Consolidation of Democracy, Carlos Nino, will meet with Italian Senator Norberto Bobbio this afternoon.

The Italian legislator and philosopher will deliver a lecture on "Politics and Morality" at the General San Martin Theatre at 7:30 pm tomorrow.

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ARGENTINA

CANITROT REJECTS CGT'S '26-POINT' PROPOSAL

Buenos Aires CLARIN in Spanish 23 Apr 86 p 20

[Text] According to Secretary for Economic Coordination and Planning Adolfo Canitrot, the CGT decided to revoke its ultimatum "not only because it was doubtful about its success, but also because the leaders know that everything would continue the same afterward." This official, who gave a lecture to the national committee of the Radical Civic Union, said that the 26-point program of the CGT is "a complex of bandaids which, if implemented, would not serve to develop an economic program."

In the opinion of Canitrot, the demand of the workers' union "has no legitimate foundation and lacks an economic rationale." No new demands will be made for a while, he noted, but "perhaps another measure will be decreed by September."

With regard to the strike called on Monday by the agricultural bodies, Canitrot explained that this sector was speculating on the possibility of joining the CGT strike (which was planned for 24 and 25 April), "but when this was called off, the sector was left hanging." He added that "The farm sector has plunged into a strike with demands that the government do things which it cannot do." He also said that "What they do not understand is that however many strikes they call, the economic policy will not change."

Figures Cited

The secretary for economic coordination said when he met with the unions at the economic and social conference that "The CGT may tell us that some workers are earning 70 australs, but they neglect to say that if some supplements are added in, the real minimum comes to 120 australs." He noted that "The first thing we will make clear in this discussion with these people, therefore, is what figures we are taking as our basis."

He said by way of example that an increase from 70 to 100 australs, instead of benefiting the worker, does harm such that "the one who really benefits is the company's general manager, who then earns 6,000 instead of 4,000 australs." He commented that there is no possibility of changing the development of the economic policy in the present situation, and that in view of this, "no one has any valid alternative," and therefore "our hand is strengthened."

Canitrot said that with the implementation of the Austral Plan, "We did as Hernan Cortes did, burning the boats, and when one has done this, he must move forward."

When asked what sector might head up a policy of recovery or growth, he said that "We are already embarked on a process of economic recovery, but we cannot proceed like Krieger (Vasena), with the first step being taken by the state, since under the present conditions it is in a very difficult situation due to the outlay resulting from the foreign debt." He excluded the possibility that construction could head up a process of development, just as "the policy of replacing imports which yielded results in the 1960s, in automobiles for example, cannot help either, because it no longer has any potential, except in the case of Megatel or that of electronics."

He maintained that one of the possibilities for attempting to promote growth, "since we must set aside public investment and investments originating in the domestic sector, might be an export policy offering new products on the international market."

Regarding the rural sector, he commented that "All that could be given has been given." A credit in the amount of U.S.$ 400 million, "which caused us budget worries," was to have been offset by the collection of the land tax, which was supposed to bring in 200 million, "but we are now into 1986, with a fixed tax of 15 percent." And he asked: "After we obtained $140 million dollars in credit for machinery and weed killers and another $120 million from the IDB for the purchase of seeds, what more can be expected?"

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ARGENTINA

RIOS ERENU ON 'ANTIDEMOCRATIC GROUPS' IN ARMY

PY292310 Buenos Aires BUENOS AIRES HERALD in English 29 May 86 p 11

[Excerpt] (NA-DYN)--Cordoba--Army Chief-of-staff Hector Rios Erenu admitted here yesterday that "anti-democratic groups" exist throughout the Army and are not exclusive to the Third Army Corps base.

Rios Erenu denied reports that he was planning transfers of high-ranking officers from the Cordoba base because "anti-democratic groups are not exclusive to this base."

A bomb was found at the base on 19 May while President Raul Alfonsin stood only meters away, and the Army unit is known to be a center of hostility toward Alfonsin over the government's prosecution of human rights violators and defense budget cuts.

He implied that the thinking of anti-democratic groups "that do not share a certain political situation in the country" holds currency throughout the Army and is not particular to Cordoba.

The Third Army Corps "has no different character from the rest of the Argentine Army," said Rios Erenu, and "no type of measures have been taken" to contain the anti-democratic circles.

He also said the apparent assassination attempt was "a direct attack on all institutions" and shows "the desire to interfere in the road that the great national project is trying to move forward."

Rios Erenu spoke with reporters in Cordoba, where he swore in new Third Army Corps Commander Leopoldo Flores, and later in Salta where he will preside over Army Day celebrations today.

He gave his clear approval to former Third Army Corps Commander Anibal Verdura's handling of the bomb episode, saying he exercised his office "ethically and faithfully."

The Army chief also sharply denied any possibility of an Army officer planting the bomb, and said the Cordoba base would be easier to enter by someone wanting to plant a bomb than the press has made out.

"The bomb was found in a training field which covers many hectares. It does not have the characteristics of a military unit, with a perimetre and a wall, but is rather an open field with numerous possibilities for penetration," said Rios Erenu.

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ARGENTINA

POLL REVEALS MAJORITY APPROVES PROPOSED DIVORCE LAW

Buenos Aires SOMOS in Spanish 30 Apr 86 pp 14-15

[Article by Ruben Correa]

[Text] The approach of the period of ordinary sessions of the parliament scheduled for the near future has revived the controversy about the possible approval of a divorce law. Since 1 May, the legislators have been in a position to promote the discussion of the subjects which can only be taken up in extraordinary sessions on the initiative of the executive branch, and there is every indication that before the end of the month, the Chamber of Deputies commissions will complete their studies, paving the way for discussion of the problem on the floor.

The current interest of the subject, however, is being fed not by these closed working sessions in the Congress, but by the sudden intensity with which the church has begun to make its views in opposition to divorce clear to both senators and deputies, although without reaching that pitch which Mgr Emilio Ognenovich has defined as "antidivorce fury." The issue will heat up as the days pass, but the final word will depend on what the legislative chambers say. And what is the attitude of the public toward this problem? According to an exclusive survey carried out by SOMOS-A & C, 75 percent of the residents of the federal capital and the 19 districts in Greater Buenos Aires support approval of a divorce law, and 74 percent maintain that the proposal should be "dealt with now."

The poll taken by the public opinion division of A & C covered a sampling of 400 individuals, interviewed at points of concentration selected at random and consistent, overall, with the stratification of the population.

Generally speaking, the study revealed that the opinions of the majority favor the existence of a divorce law, but it indicated that women are more hesitant than men about the proposed "permission" for remarrying. Young people voiced stronger support than their elders, and the middle levels of society are more in favor of this change than the lower and upper ones.

From the point of view of age, the survey showed that both men and women between 18 and 29 constitute the most definite "prodivorce" faction, while hesitation increases among men and women from 50 years of age on up (see Chart

1). In a breakdown of the responses by social level, the survey showed that in the "upper" segment, 75 percent are in favor and 25 percent against; on the "middle" level, 82 percent are for and 15 percent against, while 3 percent answered "don't know;" and on the "lower" level, the affirmative answers came to 69 percent and the negative to 26 percent, with 5 percent responding "don't know."

1. Do you believe that this law should be dealt with now?

Response	Total	Educational Level University	Secondary	Primary
Yes	74%	84%	80%	68%
No	22%	16%	16%	26%
Don't know	4%	--	4%	6%

Seventy-four percent of those polled said the law should be "dealt with now."

Another section of the poll dealt with the question of the timing of the approval of divorce legislation. On the average, 74 percent expressed the view that the proposal should "be dealt with now," while 22 percent said it should not, and 4 percent had no opinion about when the best time would be. Differences were also seen in the responses depending on educational level. The best-educated citizens most definitely support immediate consideration of the law, while the negative responses of those with only primary education exceeded the average number of those who believe the time is wrong for the discussion.

The reasons for saying that there should be a divorce law point to four distinct problems: 1) Legitimizing the situation of couples who have separated; 2) Legalizing the possibility of remarrying; 3) Improving "freedom of choice" by granting "permission to make a mistake;" and 4) Improving the status of the natural children of common-law marriages.

2. Why do you believe there should be a divorce law?

Because there are 2 million cases needing regularization	20%
To offer the possibility of remarriage	14%
So that there will be more freedom of choice	10%
For the sake of the illegitimate children	10%
Because it is culturally backward for us to have no such law	2%
Because people separate anyway	2%
Because other countries already have such a law	2%
Because it benefits, rather than dividing, families	1%

The main argument of those favoring divorce is the need to regularize de facto unions.

The reasons for opposing divorce go back in the majority of cases to fear that the law in itself will open the door to separation for a variety of reasons, and also to religious principles.

Surveys pertaining to divorce cannot avoid polemic debate. Those favoring divorce rely on them to strengthen their arguments in favor of the approval of a law, and those who oppose divorce challenge the results of the studies, based on the assumption that they do not reflect the full reality, and that, for example, there is no support for matrimonial dissolution outside the upper and middle strata. According to Esther Kaplan, public opinion director for the A & C, "If the middle class has typically in the modern era been the sponsor of change, it continues to play this role today where divorce is concerned, because it is this class which supports it in the largest proportion. Do all the citizens of Argentina belong to the middle class because their views are so much in favor of divorce? At least mentally, they are similar to the middle class."

The "upper," "middle" or "lower" class would have no opportunity to state a position on divorce except through polls. It is now virtually certain that the authorities will not have recourse to any mechanism for popular consultation of the plebiscite type to establish approval or disapproval of a law establishing divorce status. What will perhaps be the final chapter in the debate will begin as of the last week of May, when the "renewal" radical-Peronist majority in the commissions of deputies studying the subject presents its almost Solomonic judgment. Couples who disagree would be able to opt for "legal separation," which does not immediately allow them to contract another marriage, or "divorce," which may be finalized after a period of separation.

3. Do you believe that there should be a divorce law?

				Age				Age	
Response	Total	Men	18-29	30-49	50 or Over	Women	18-29	30-49	50 or Over
Yes	75%	79%	84%	76%	64%	71%	77%	75%	62%
No	21%	19%	13%	23%	28%	23%	18%	18%	36%
Don't know	4%	2%	3%	1%	8%	6%	5%	7%	2%

Opinions favoring divorce are in the majority.Women and those over 50 seem fearful of the change.

Concern for the Family

One of the commonplaces in recent times has it that there would be 2 million potential beneficiaries of a divorce law in Argentina, but the Catholic Church prefers to cling to the 1980 population census figures--423,000 persons divorced or separated in fact. This figure is one of the points of departure in the launching of an active round of meetings by the episcopate in recent days with legislators, politicians and trade-union leaders, for the purpose of channeling the imminent parliamentary discussion of this controversial theme.

"The problem of divorce is a problem of the upper class or the middle class with pretensions, but not a problem of the people. What concerns the church are the serious social and economic problems currently besetting Argentine families, in a crisis which even the president of the republic himself recognizes," the head of the Permanent Episcopal Commission on the Family, Mgr Emilio Ognenovich, told SOMOS. The following are some of the main statements set forth by this prelate.

Request for Postponement

"The church has not the slightest intention of hindering the action of the parliament, although perhaps it would be entitled to exercise its constitutional right to ask for a postponement, just as others are pressing to have the discussion moved up. Furthermore, I would reason as follows: When a Jew is attacked, the DAIA leaps into immediate action. Well, then, 70 percent of the citizens of Argentina are Catholics, and I don't know, I wonder, I ask myself and I have anxious doubts--when the rights of Catholics are trampled underfoot, should we not also follow these examples and go forth in defense of our faithful flock and raise our voices?"

After the Pope's Visit

"However much some of us bishops, including myself, believe that it is not the proper moment now to take up a divorce law, in order to avoid tossing into the ring yet another possible cause of confrontation, the church, which I represent at this time at the behest of the bishops, has not asked either the chambers or any government official for a postponement. What I do know is that some legislators, on their own account, have talked of asking for such a postponement in order to contribute to the atmosphere of spirituality which should be established prior to the imminent visit."

Accuracy in the Polls

"It would take too long for me to go into the considerations about the accuracy of many public opinion polls, and even their good faith. But I can mention the previous developments in Italy and Spain, where the number of those hoping for a divorce law to settle their status was exaggerated. There was even talk of two and a half million couples, when in reality, in the 5 years following the promulgation of the law, less than 100,000 persons were divorced, that is to say only one-twentieth or twenty-fifth of the number of couples mentioned in the reports. In addition, I am greatly surprised that none of these surveys includes the opinions of the children of divorcing parents, who are the real victims."

The Legislators' Response

"They have not set forth their positions to me personally, but many of them have already made them public. I would like one of these opinion polls to be taken again soon. It would perhaps be demonstrated that many are changing their views."

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ARGENTINA

BRIEFS

CGT TO BE NORMALIZED--(NA-DYN)--The government yesterday announced that CGT will be normalized within the next 150 days and said it will ask the International Labor Organization (ILO) to send a team of observers to Argentina to oversee the process. Labor Minister Hugo Barrioneuvo made the announcement to top CGT delegates during a meeting with them yesterday afternoon. Secretary-general Saul Ubaldini immediately rejected the move. Ubaldini called for a "change in economic policy" before the trade union federation returns to the Socio-Economic Conference (CES). He announced further CGT meetings with Barrioneuvo and with Health Minister Conrado Storani for next week. Talks with Barrioneuvo will center on union normalization according to CGT executive council meeting elected Ubaldini to represent Argentine labor at the ILO assembly which starts next week in Geneva. Ubaldini said he will travel after the 13 June general strike. Union delegates Jose Pedrazza, Carlos West Ocampo and others will travel to Geneva next week, and Ubaldini is slated to address the assembly on 18 June. He said he will denounce "the non-fulfillment of international agreements concerning union freedom and collective wage bergaining" in Argentina. He also announced his intention to express CGT opposition to International Monetary Fund (IMF) adjustment programs and to repudiate "failure to annual dictatorship labor legislation." [Excerpt] [Buenos Aires BUENOS AIRES HERALD in English 31 May 86 p 7 PY] /9738

TROCCOLI DENIES CHANGES--Interior Minister Antonio Troccoli in congressional questioning last night denied "all or any government responsibility" in the handing over of money to the kidnappers of businessman Osvaldo Sivak. He also held that the family of the kidnapped man "wilfully hid vital information" from the police which would have made the manhunt easier. Furthermore the minister denied his and the defense ministries had "any knowledge" of the intervention of ex-intelligence agents Pedro Salvia and Ruben Barrioneuvo in the case. [Text] [Buenos Aires BUENOS AIRES HERALD in English 29 May 86 p 11 PY] /9738

CSO: 3300/80

BOLIVIA

MIR PRESENTS ALTERNATIVE PROPOSAL TO TAX REFORM DRAFT BILL

La Paz EL DIARIO in Spanish 3 May 86 pp 4, 6

[Text] In order to provide real evidence against the content and philosophy underlying the draft tax reform submitted by the executive branch to the national parliament, the MIR brigade will present an alternative tax reform proposal to the congress.

This announcement was made by the head of the parliamentary brigade of the Movement of the Revolutionary Left, Guillermo Capobianco, at a press conference held in the premises of the Legislative Palace.

In the view of this MIR leader and parliamentarian, the tax reform proposal made by the executive branch, now in the hands of the extraordinary national congressional session for consideration, "constitutes another tool, like the General National Budget Law recently approved, for the implementation of the government economic policy which had its origin in Decree 21060 and the Pact for Democracy."

He stated that his party does not agree with the executive branch tax reform proposal, "because we have offered another very different one which relates to the aspirations and hopes of the nation and the Bolivian people as a whole. It makes sovereignty, independence, liberation and national construction an option."

Following a series of criticisms and comparisons on the tax reform proposal being considered in the special congressional session, Capobianco said that the alternative MIR proposal has a basically progressive content (discrimination based on the assets of the taxpayer) and provides for extensions on taxes owed on sales and services related to basic consumer items and pharmaceutical and milk products, as well as medical, hospital, diagnostic, radiological and other services, and also public and freight transportation and national shipments directly affecting final mass and popular consumption prices.

The MIR proposal, according to Capobianco, does not make any profound changes in the essence of the legislation currently into effect, but deals above all with the need to reconcile, or more accurately, to make a bridge between, tax legislation and tax administration.

He also said that it has come to be realized in Bolivia that hyperinflation destroyed the national tax base, thus showing that this was not the fault of the tax legislation in effect.

In justifying the position his party will support in the discussion which will follow the analysis of the tax reform in the special national congressional session, Guillermo Capobianco said that "all of the actions of the state in the economic realm must be oriented and directed toward the achievement of certain goals, and in the judgment of the MIR at this time, reactivation of the productive apparatus should be the central priority."

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CSO:3348/569

BOLIVIA

CUSTOMS OFFICIAL LAMENTS LEVEL OF CORRUPTION IN DEPARTMENT

La Paz EL DIARIO in Spanish 4 May 86 p 4

[Text] The low level of wages and the lack of equipment are decisive factors negatively affecting the customs service, thus hindering the elimination of the corruption which still persists, while no change is being made in the present situation. These views were expressed by the present national administrator of that body, Edgar Rocabado.

Wages

In an interview granted to the editors of the El DIARIO, this official said that corruption continues in the customs service due to various factors, including the average wage level, which is 50 million bolivars. With this wage level, he said, it is difficult to ask too much of the personnel.

He said that wages in the customs service "must necessarily" be increased, and he went on to state that the authorities in this service have taken up the matter with the Ministry of Finance.

Rocabado explained that this ministry is ready to reach a positive agreement on wages for customs officials. "They are a part of the government, and obviously the Ministry of Finance will attack this problem of improving the collecting institutions, in their various aspects--not only personnel, administration and operational structure, but various other items and topics which must be dealt with, if possible, simultaneously," he said.

Impunity Prevails

Noting that impunity prevails in the customs service, and in the whole of the public administration, Rocabado said that "No punishment is meted out for anything." This is the reason smuggling has become "a national sport," along with tax evasion. He said that in his analysis as an official, he sees four or five reasons corruption and smuggling continue. They are the impunity which prevails in the country, because nothing is punished; the excessive weakness and poor pay in the administration; the lack of material resources to combat smuggling; the lack of resources for the transport of personnel; and low wages.

Rocabado explained each of these reasons, saying that because of all of them, "This country is one great black-market," and that the Bolivian people are engaging in various forms of tax evasion and smuggling. He reiterated that smuggling and fraud are national sports.

He expressed the view that an increase in funds to raise customs wages and adequate equipment for doing efficient work could provide the solution to the evils listed.

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CSO:3349/569

BOLIVIA

CONTRABAND ACTIVITIES REPORTEDLY INCREASING

La Paz EL DIARIO in Spanish 4 May 86 pp 12-13

[Article by E.C.: "Smuggling--An Inevitable Evil?"

[Text] Few illegal activities have such harmful effects as smuggling. In fact, when it has taken root in a nation or a territory, when it becomes so scandalous that those involved do not blush, but on the contrary take pride in their deeds, one can then be sure that the illicit trade has won national acceptance, has settled in and become a dangerous endemic evil. That fact is that this social conduct threatens the public morality to such an extreme point that nothing and no one can halt it. The Bolivian press as a whole, and often EL DIARIO in particular, has carried reports on this delicate matter. Editorials, columns of criticism, articles, reports and press campaigns have been devoted to the illegal transit of goods across our frontiers. It has all, to date, been in vain. Men, women, children, young people, old people, civilians, policemen and the military have been involved in the thick web woven by those who act as "wholesalers," who are responsible for this criminal behavior.

Puerto Suarez, Yacuiba, Guayaramerin, Villa Bella, Puerto Busch, Charana, Villazon, Desaguadero--in a word, any settlement or frontier crossing may be utilized for these purposes. They are all used by the base creatures who operate in collusion with drug traffickers, very often, to bring every kind of goods and consumer item imaginable onto Bolivian territory.

If the friendly reader has time, he should visit "Little Miami" in La Paz, the Los Pozos Fair or Las Siete Calles, in Santa Cruz, or the athletic field in Cochabamba, to mention only the best known sites. He will then see that at any one of these places, he can furnish a house, equip it with conveniences such as electrical appliances and food supplies, and he may even be able to park an automobile at the door, without exceeding his budget. The famous Macy's in New York cannot do as well, and envies the potential of the "free market" in contraband in Bolivia. And all of this is occurring in the midst of the horrifying poverty in which its people are plunged, the crisis which plagues the state, its government and leaders, who are rending their garments in desperation, always putting the blame on the preceding government and doing nothing or very little to block the smuggling which is in large part responsible for the domestic economic and financial catastrophe.

With each change of government or perhaps more exactly each cabinet change, an equal number of replacements occur in the national customs service, a body which seems more like a trophy of war than a supervisory body created for certain purposes. And so the ridiculous "simple ceremonies," as the newspaper reports term them, continue interminably, with each new official swearing, as he brandishes a cross or his left fist on high, "to implement and enforce" the laws of the republic. In brief, smuggling as an evil has moved from a child's game to a major threat, and from that to a veritable national catastrophe.

In these central pages the reader will see the damage being done to the country by the illegal import of thousands of crates of cigarettes, which are consumed daily by our population. We might take as similar examples cocoa beans or washing machines, gas stoves, refrigerators, nails, screws, light bulbs, ballpoint pens, sport shirts, underwear, shoes, notebooks, sausages, cheese, chewing gum, liquor, toilet and laundry soap, cosmetics, fresh and canned fruits, pencils and perfumes. And this list is not complete. We chose cigarettes because they are characterized by mass consumption, without distinction as to political hue or economic status; because they have one of the broadest markets; because, in addition, it is feasible to obtain statistics and computerized data on this product; and because of their impact on other activities, agroindustry in particular.

The national budget income resulting from direct taxes on domestic cigarettes has dropped by more than U.S.$ 20 million per year. Simple arithmetical operations which our readers can perform on the basis of the charts on these same pages will persuade them. Along with this, there automatically occurs a foreign exchange drain, also a very important aspect. We should stress that the Bolivian universities have lost 20 percent of this income. I believe that with these funds, their budget would have been substantially strengthened, and the young students would leave the streets, avenues, sidewalks and squares free so that pedestrians and vehicles could circulate.

Until just a few years ago, there were four cigarette factories in our country. They were the Industrial Tobacco Company, BATCO, Sucrense and Santa Cruz Tobacco Enterprise. Now only the first two survive. The others have had to close their doors, for the reason mentioned. Have our readers wondered how many people depend on these two industrial plants? A rapid calculation tells me that at least 400 families will suffer.

In addition to these problems which have already developed in the industrial sector, worse damage is being done to the Bolivian peasantry engaged in tobacco growing. This crop, which until some time ago covered vast lands in Samaipata, Vallegrande, some areas in Tarija and in particular Mairana, in Santa Cruz, has been done great harm by the alarming decrease in this product. Today 90 percent of the domestic tobacco used in the production of cigarettes comes from Mairana, and it has been noted there that in view of the drop in tobacco consumption and the tremendous "appreciation" of coca, the latter is more profitable. And so 1,200 families find themselves faced with the great dilemma of their lives--whether to plant tobacco, which only yields one harvest per year, or to get into the prosperous business of coca leaves, which require little cultivation or weeding and can be harvested three times a year. There is no need for sophisticated computers "made in the USA" or sociological wisdom to determine which they will chose! And where the cultivation of tobacco is concerned, it is delicate and laborious work which begins in the month of November, with the planting of seedlings which must be transplanted to the fields 30 days later. The harvest begins in the middle of April and lasts until the end of May, while the plants are in flower.

In June, the land can rest, because tobacco plants are seasonal and die after the harvest. This period is used for the planting of corn in the months between June and September. This is the cycle strictly observed on tobacco plantations. Now that many voices are crying "agropower" to the four winds, and are being heard, is it proper for these peasants to abandon the work to which they have dedicated so many years to take up crops which are foreign to them?

It is also known that there is a project under way in Okinawa for the development of new types of tobacco which are not grown in Bolivia. With the exception of a few types, such as Oriental, for example, which requires a very special climate not found in Bolivia, the vast majority of the various types of tobacco could, following a preliminary experimental and research stage, be grown on our national territory. Carrying this idea a little further, we should note that up to 15 different varieties of tobacco must be used in the production of certain cigarettes, and some of them currently have to be imported. Domestic production of these tobaccos would mean a saving in foreign exchange which is impossible for the time being, thanks to smuggling and the lack of incentives. The production of these new types of tobacco would also lead immediately to the employment of a larger labor force in the rural sector and the factories, also resulting in better living conditions for these peasants and increases in such other activities as, for example, transportation.

The regime in power today has an opportunity, and also a duty, to prosecute this criminal activity. Due to the tremendous economic power involved, the organization achieved and the thousand forms used to achieve its ends, this becomes a delicate and possibly dangerous task.

However, the tax reform set forth to the nation gives it the opportunity to reduce smuggling, at least, and to increase its income from two sources--direct taxation of income and the payment of customs duties, both foundations for the presently impoverished fiscal coffers.

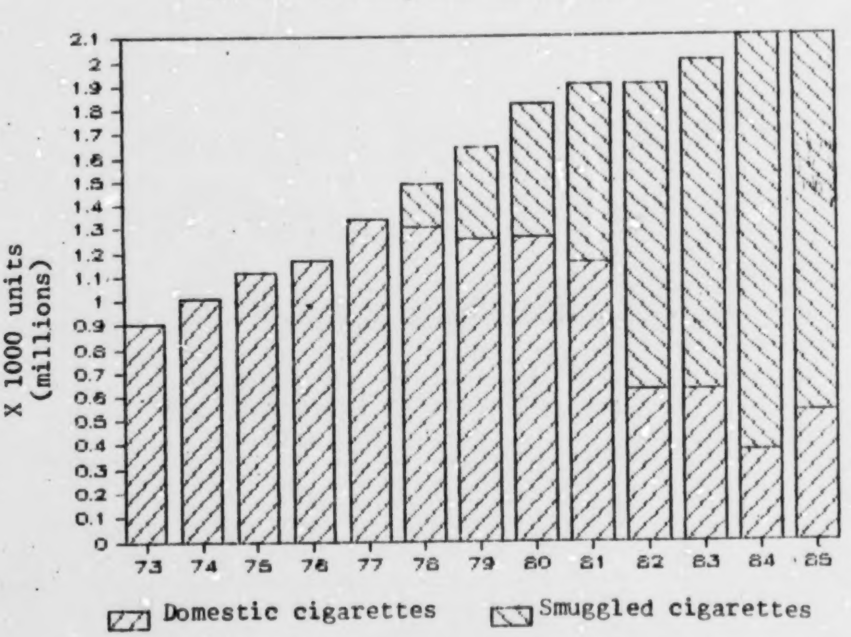
Where cigarettes are concerned, according to Decree 21060, the tobacco imported under customs permits should not only be subject to import duties, but should also to the income tax applicable to domestic production. In other words, 160 percent for light tobacco and 106.25 for dark. With the proper implementation of this measure alone, it is estimated that the contraband which is flooding the streets and squares in our national territory could be eliminated.

The social problem which might be created by the lack of this item, which is marketed by humble women of the people for whom it is the only means of subsistence, could be immediately resolved, because those whose habit it is to smoke will in the end look for cigarettes anywhere, without regard for the brand or the source. It should be noted that for the time being, merchants prefer to sell foreign cigarettes because they are not subject to the controls governing those produced in this country. For the tobacco manufactured in Bolivia there are storage regulations, inspection seals, invoices requiring a thousand and one details about the purchasers, in short, a "Holy Inquisition", while vans carrying thousands of crates cross our frontiers, and trucks loaded with millions of packs of cigarettes travel all our roads to put them in the hands of the consumers.

Generally speaking, and to conclude this first commentary on the very widespread smuggling activity, we must speak of the quality of the products coming in. While it is true that we have little to offer in terms of household appliances, computers, audio and audiovisual equipment, we must indeed, on the other hand, raise some questions in other categories. For example, there are medicines lacking either identifying descriptions or expiration dates, a serious lack threatening the health of the people. The same is the case with foodstuffs and beverages of doubtful origin, which could well have been altered and might produce mass poisoning, like the cases reported in the European press which have led to hundreds of deaths. There have also been questions about the quality of some brands of Brazilian cigarettes, which according to some reports have been manufactured expressly for our country because of the advantageous market offered. These considerations must not be set aside by our authorities and citizenry. Naturally, attention to them would not serve the purposes of the unscrupulous individuals who are only concerned with their great profits, even if it means trifling with the needs and good faith of the consumers.

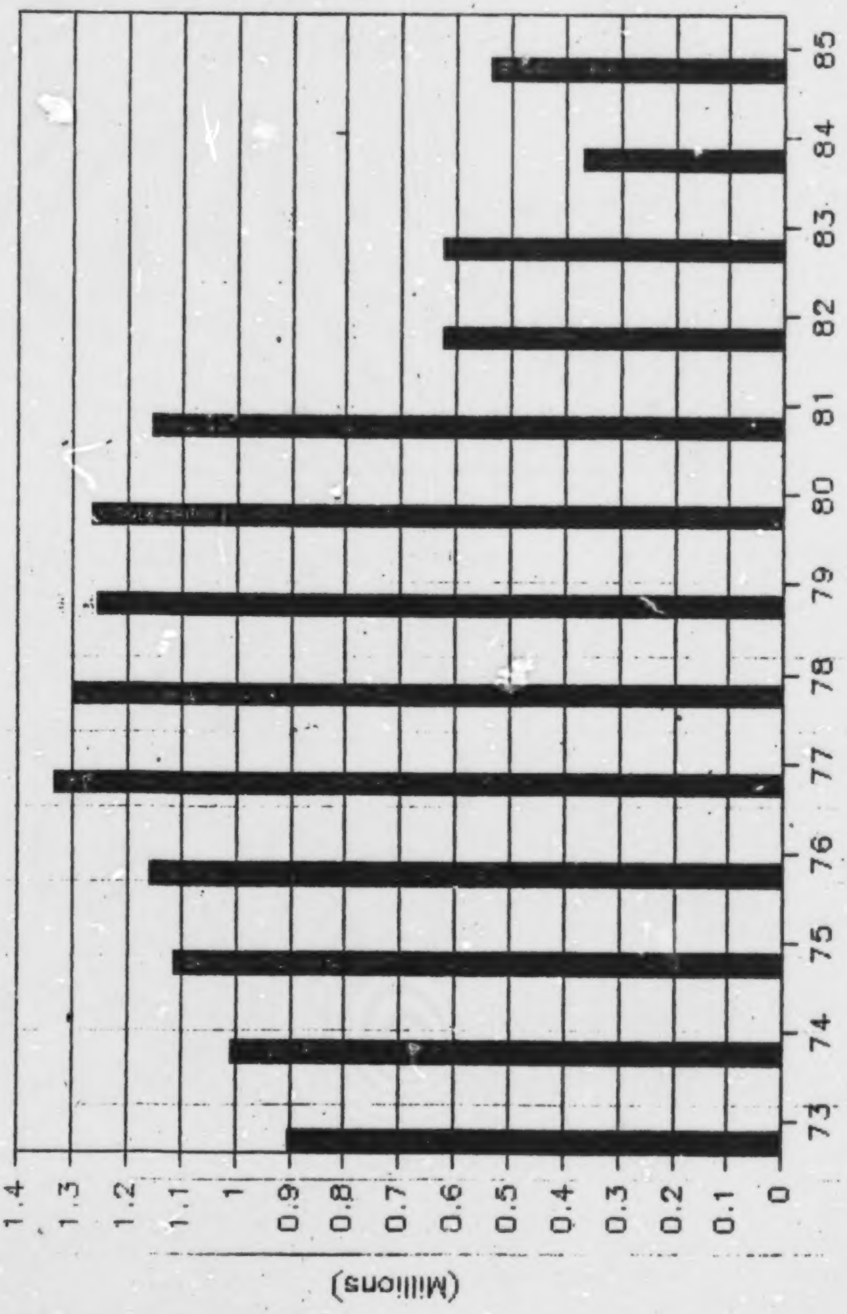
Sales of Cigarettes in Bolivia

(market development 1973-1985)



Sales of Cigarettes in Bolivia

(market development 1973-1985)



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BOLIVIA

MIR'S PAZ ZAMORA SAYS OPPOSITION FRONT PLANNED

Buenos Aires EL PERIODISTA in Spanish 25 Apr-1 May 86 p 37

[Interview with Movement of the Revolutionary Left leader Jaime Paz Zamora by Eduardo Jozami; date and place not given]

[Text] The leader of the Movement of the Revolutionary Left, which ranks third among the Bolivian political forces today, talked with EL PERIODISTA about the establishment of a movement to oppose the Paz Estenssoro-Banzer agreement.

[Question] You have stressed the seriousness of the present situation in Bolivia. However, the government has achieved some success in implementing its economic policy.

[Answer] The Bolivian economy has never been in such a bad position. There can be no doubt that with this economic policy, we are moving toward a social explosion.

[Question] And then?

[Answer] The first thing is not to yield to panic and to do nothing which could pose a challenge to the democratic system. In order to deal with the crisis, it will be necessary to look for a joint solution involving all sectors. This is the task in which the MIR, as the main opposition force, is involved.

[Question] Who would make up this opposition front?

[Answer] It is not a question of a front. The front concept has already failed in Bolivia.

[Question] It is not the only project to have failed in your country.

[Answer] Quite true. Nor can the inclusion of everyone in a single party be contemplated. A new national majority must be established now. An alternative to the government of the right-wing and center-right forces must be proposed, based on the mobilization and organized effort of the popular social sectors. We are thinking of a social and regional convergence, rather than a front.

[Question] More concretely, who should join in this converging force?

[Answer] The political sector in which the Movement of the Revolutionary Left is today the central axis, the trade unions, headed by the Bolivian Labor Central, and also the armed forces.

[Question] The armed forces?

[Answer] Obviously. It is absolutely essential that these three sectors participate in order to guarantee some change in the current Bolivian situation. Moreover, the armed forces are proving to be ever more open to such proposals. I would venture to say that they themselves advocate such a convergence.

[Question] Around what kind of a program would this new majority rally?

[Answer] First of all, reliance would be placed on another view of the crisis, both the situational and the structural crisis. A phase has ended in this country. The Bolivia of nonrenewable raw materials (tin, oil) will have to be replaced by a nation producing renewable materials in the crop- raising, livestock-breeding and agroindustrial sectors. In addition, the present austerity policy, which is having serious social consequences in an employer state, must be amended. Instead of reducing public expenditures, we must increase income.

[Question] How?

[Answer] By increasing domestic savings through a tax revolution. Only the workers in our country pay taxes. The state must come down on those who have the most. We must also increase savings in the foreign sector, which requires a restatement of the debt problem. It will be necessary to achieve a great national consensus on this issue, in order to pay what can be paid with dignity, but not at the expense of our development.

[Question] Could the Peruvian position serve as a model?

[Answer] The Bolivian situation is more serious. Perhaps it requires a different, more generous, more imaginative response.

[Question] Isn't the frustration of the Siles Zuazo proposal so recent as to make the development of a new popular majority difficult?

[Answer] The Siles Zuazo period was one of transition in which we conducted ourselves badly. The left wing erred, both in the government and in trade-union leadership, and the right wing pursued a destructive opposition policy, relying on a business class increasingly involved in speculation.

[Question] What is happening with the businessmen today?

[Answer] Well, we believe that a business class with a national orientation is developing in small mining, industry and the agroindustrial sector.

[Question] You are participating in a meeting on Latin American integration. Few countries need such integration as urgently as Bolivia does.

[Answer] That is true. Integration is a part of a Latin American national project with a view to developing a nation-continent, which seems to be the model for the 21st century. As President Alfonsin said, it means integration of the political movements as well. He spoke about liberalism, the social Christian movement and socialism. In my speech, I also included revolutionary nationalism and the native peoples' movement, which have so much weight in some of our countries. The Latin American synthesis will emerge from all of these movements.

[Question] But what progress is being made toward integration today?

[Answer] We are not disintegrated today, but poorly integrated. For example, and paradoxically, the International Monetary Fund is a powerful factor for integration.

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BRAZIL

GOVERNMENT PERCEPTIONS OF MAIN ADVERSARIES OF ECONOMIC PACKAGE

Sao Paulo VEJA in Portuguese 30 Apr 86 pp 20-25

[Text] It has to work. But is it going to work? Approved by 8 out of 10 Brazilians, the economic package eliminated inflation from national life, produced a 1.4 percent drop in prices for the month of March, gave President Jose Sarney the support of 92 percent of the electorate, and completes its second month broadly victorious. It has worked until now but Sarney showed last week that he has enough political experience to refuse to sleep to the sound of applause hoping that the package will go by itself. "Let us beware of the saboteurs of stability," the president warned in Barretos, in the interior of Sao Paulo. "The mobilized people will prevent any failure," added Sarney, showing that the greatest political weapon that he has to guarantee the success of the reform--popular support--remains within the range of his voice.

It would be an illusion to believe that the package is going to work simply because the majority of the population support it and even need it. With the passing of the initial excitement, when the droves of Sarney's inspectors have returned to their daily routine, and the complaints presented to SUNAB are less than half of what they were last March, one perceives that the interests displeased by the economic reform are beginning to stir. The first winter clothing has already appeared in the show-windows of the country's main shopping centers, with stiff price-tags. In Curitiba, there is a milk shortage. In Belem, there are no potatoes. In almost all of the country's supermarkets, the shelves of cleaning items are almost empty. Gessy Lever, one of the biggest manufacturers in that area, decided to reduce its sales by 20 percent. "We have not reached an agreement about the price of the products," said Luiz Del Nero Netto, one of the company's directors.

Five Saboteurs

Some discrepancies in store prices, however, should not have been the reason for such a clear warning by Sarney. Much less for the complementary remarks added to it on Friday of last week by Finance Minister Dilson Funaro. "The legitimacy, the manifest nature, and the support that characterize the cruzado plan will not leave room for saboteurs. In the event that the government should identify a deliberate act of sabotage, it will know how to act to preserve the success of the program," warned Funaro.

With the economic reform having been in effect for 2 months, one can list the main enemies of the economic package by category and by name:

--In the first place, there are the "spending" ministers. Foremost among them is Agriculture Minister Iris Rezende. He is followed by Mines and Energy Minister Aureliano Chaves, Transportation Minister Jose Reinaldo, Irrigation Minister Vicente Fialho and, further back, Urban Development Minister Deni Schwartz.

--In second place are the ministers within the government who voice the demands of businessmen seeking to pierce the armor of the reform. In this block, Iris Rezende again occupies first place, followed by the chief of the Civil Office, Marco Maciel.

--In third place, relieving the government of the onus of exclusiveness, are the banks, still shaken by the end of the inflationary bounty, which are asking the government to compensate the 35 percent compulsory deposit that it retains in its vaults with interest. After having secured a service rate schedule from the National Monetary Council, the bankers argue that compensation for the compulsory deposit is the only formula that can keep them from dismissing employees.

--In fourth place, racing to contend for third as 15 November approaches, is a constellation of PMDB and PFL politicians, who bring complex and variable demands to the government, all of them intended to take some money out of the Treasury to pass it on to some protege or patron. In that magic trickery, they sell onions to those who do not need them; get the government to buy pork above market price; and, where they can, ask for a subsidy.

--In fifth place, under the close fire of the Ministry of Finance, are the state governors in general--not only the single public adversary of the package among them, Leonel Brizola, of Rio de Janeiro. All of them want to retain in their state banks the prerogative of issuing money, granting loans, and making holes [in the program] that are compensated for at the cost of withholding the compulsory deposit or, in certain cases, with pure and simple requests for help from the federal government.

Garlic Coup

In the face of so many fighting fronts, the government raised its tone because it knows that the adversaries of the package believed its guard was down. In a quick episode 2 weeks ago, for example, the powerful secretary of the Interministerial Supply Council, Joao Bosco Ribeiro, learned what a disaster is the farm price situation and at the same time how powerful it is. He discovered that garlic is sold to the Brazilian housewives at a price 10 times higher than its quotation on the international market. He sought to find out what lay behind that and discovered the existence of collusion among producers, importers, and organizers of a prosaic "Progarlic," which in the name of an alleged national self-sufficiency in garlic, benefits from both high domestic market prices and low prices abroad. He went ahead and suddenly he was surprised by a telephone call threatening his life.

If the government has difficulty in crushing a clove of garlic, greater are the difficulties that its own machine generates, eroding a policy of austerity that is as essential to the success of the package as the hands are to a clock. Last week, Mines and Energy Minister Aureliano Chaves was battling with his colleague, Planning Minister Joao Sayad, for funds in the amount of approximately $1 billion to pay for projects by ELETROBRAS and other companies in his area. Transportation Minister Jose Reinaldo Tavares wants an extra appropriation of 8 billion cruzados for a basket of projects, among them being the paving of sections of the Transamazonic Highway. Speaking of the Transamazonic, Agriculture Minister Iris Rezende, certain that inflation has ended and that, therefore, it is time to start up expenditures, carries around with him a plan for the construction of 500 cities along the highway that has become a synonym for waste, and also along the Belem-Brasilia Highway. Irrigation Minister Vicente Fialho wants to spend 12 billion cruzados on a multiyear plan of projects.

In addition to the ministers who threaten to launch the public sector on a new feast of expenditures, dozens of congressmen are moving through Brasilia, seeking to make holes in the package to improve the base of their election campaigns. Recently, Minister Joao Sayad received in his office a group of deputies headed by the acting president of the Chamber, Humberto Souto. All of them wanted to loosen the bonds that guarantee the price freeze. Several weeks ago, without the consumers' knowledge, a group of Northeastern deputies tried to get a price increase under the table for chickens. "My voters are complaining that the price of poultry is too low," Bahia Deputy Franca Teixeira of the PFL complained to SUNAB Superintendent Eriksen Madsen. "Can't it be raised a little?" asked the deputy. In speaking in name of "his voters," Franca Teixeira created the strange possibility of being the only politician in human history to receive the votes of citizens who complain when chicken is cheap.

Iris Backfires

The enemies of the package hide behind the most diverse tricks. The most elementary of them is to accept the frozen price, cheating on the weight or measure of the product. "During the past month, that problem has increased greatly," said Juarez Tavora, president of the National Institute of Weights and Measures in Brasilia, where researchers spend their time among 900-gram kilos of macaroni, cans of oil with the contents one-third short, and packages of sugar 12 out 100 of which are short-weighted, according to the statistics they have compiled. On that fighting line are the troops of pickpockets, but going up the scale, especially going into the government, the resistance to the reform becomes more frightening. "Everybody accepted the package and praised it highly in public," said Luiz Carlos Mendonca de Barros, director of the Central Bank capital market, "but they all want to resolve their particular cases, as if the government should take care of each one's problem."

Joined in that race to the public coffers are businessmen, bureaucrats, and ministers. Put in the Ministry of Agriculture because he has a base in Goias, a state without large pressure groups of planters, former Governor Iris Rezende literally backfired. He tried to drag out of Minister Dilson Funaro an increase in the price of rice but was cut off by a terse reply: "Politically, we cannot touch the price schedule," Funaro told him. Even so, at a meeting with the minister, he delivered an emotional speech in which he supported the setting of interest schedules for the other ministries and the release of cheap credit for his, besides excitedly calling the bankers "crooks." Iris Rezende attacked again as defender of the interests of the cattlemen, and last week was engaged in a guerrilla war with Funaro over the price of corn.

Two weeks ago, Funaro signed an order authorizing the importation of 900,000 tons of corn for the purpose of enlarging the government stocks, reduced to less than a half-million tons. Theoretically, it was only necessary for Funaro to sign the order for things to begin to move. In government practice, however, the theory is different. The paper moved through channels until it ended up at the Production Financing Company, an agency of the Ministry of Agriculture bureaucracy. It was necessary for the usually calm finance minister to pound on the desk for the matter to be resolved. In the effort to form a stock of 50,000 tons of meat, the government also got the worst of it. Because it held its ground on its prices, the government managed to store only 35,000 tons. "In the current situation of increasing consumption, the official prices were too low," said Joao Paulo Meirelles, president of the National Beef Cattle Council and leader of the sales boycott.

Legal Traps

"For decades, the government devoted itself to creating agencies that regulate or guide sectors of private enterprise, theoretically in defense of the citizen; but what happened is that those regulating agencies in the state machinery became the defenders of the areas they should regulate, in a cruel inversion of roles." That was the diagnosis of one of the authors of the financial stability plan. Since the government became a megalomaniacal body, opening up thousands of wickets where individuals, groups or private companies can obtain public money at unrealistic interest rates or sell a crop at minimum prices set above the prevailing market prices, the economic package is now waging its hardest battle with the public sector itself.

The reform that Sarney decreed and that has made him the most popular Brazilian president since Getulio Vargas works like a bicycle. With the first pushes on the pedals, wages and supermarket prices were frozen to general applause. Now it is necessary to intensify the reform with more pedaling, increasingly withdrawing the state from the economy so that some day a politician such as Iris Rezende can no longer extract subsidies for his clientele, because it would never occur to him to go and ask for "cheap money" from the director of a private bank. For that reason, Funaro, like the cyclists, is beginning to realize that if he stops, he will fall. The idea of the government working without an operational deficit has begun to sputter in recent weeks and, to prevent the holes from increasing, the finance minister was obliged to refuse to pay sums authorized by the Planning Secretariat. Suffice it for government's operational deficit to run around 5 or 6 percent for the Cruzado Plan to go to the museum. For that reason, Joao Sayad and Dilson Funaro are facing the opposing team with a new tactic: there are two goalkeepers in front of the net. If the opposing attacker passes one, as Aureliano passed Sayad in the case of the funds for ELETROBRAS, Funaro defends it.

Even so, Funaro has already suffered defeats. After seeing the chief of the Civil Office support the increase of school monthly payments in the first days the package was in effect, he learned that there can be differences between a decree arranged with the president and that same decree published in the DIARIO OFICIAL. About a month ago, the finance minister took a decree creating the Interministerial Supply Council to the president and, at the end of the meeting, he had the case resolved. Normally, the decree taken to Sarney would be forwarded to the Civil Office and from there to the official press. That was the course it took, but the decree published was different from the one Funaro had discussed with Sarney--halfway, someone had tampered with it. The powers of the various agencies connected with the council were mixed up and the jurisdiction of the Production Financing Company was altered. The two ministers dealt with the matter and Maciel explained to Funaro that his changes were only intended to improve the legal text. For their mutual misfortune, the episode was repeated.

Single Treasury

When the all-powerful economic team legislates on private enterprise, it begins to learn how difficult is the life of someone who gets involved with the state enterprises. There have already been cases in which figures requested of PETROBRAS by the economic authorities took 3 months to go from Rio de Janeiro to Brasilia. Furthermore, in the wake of the actual weakening of private enterprise as a result of the self-granting of superpowers by the Executive, the larger state enterprises demand a 15 percent discount from their suppliers and offer only a 7 percent reduction to those that need their merchandise. In the case of PETROBRAS, it still has not been possible to ascertain what happened to the savings of 60 billion cruzados brought to its coffers as a result of the drop in world oil prices. "It is unwise to talk about lowering prices at a time like this because oil can go up again," explained the president of the company, Helio Beltrao. "Short-term follies are paid for in the longer-term," explained Beltrao.

Beltrao's explanation is reasonable. However, since his minister, Aureliano Chaves, supports the granting of 12 billion cruzados to Proalcohol, a program that makes sense with high-priced oil, the taxpayer might expect that some day the two would meet to clarify where the national follies lie. If oil is cheap, the Brazilian taxpayer has to pay for Proalcohol and its platoon of plant operators, because the price might rise some day and the country needs the sugarcane plantations for that. But that argument, which is valid to take money out of the taxpayer's pocket is not valid when he believes that [the price of] gasoline should go down. "We cannot have an economizing vision," says Aureliano. "Proalcohol is a strategic program," he explains in justification. Thus, strategically, the Brazilian pays more for fuel, whether it is expensive alcohol or cheap oil.

The confrontation between the reform and the state enterprises should be decided in the next 100 days. By then, the Ministry of Finance hopes to have succeeded in putting the whole constellation of state enterprises under the control of a single-treasury holding company. Through this system, conceived and aborted in all the governments in the last 20 years, an enterprise such as

PETROBRAS cannot maintain an aggressive investment policy by virtue of a good financial situation if, on the other side of Republica do Chile Square, in Rio de Janeiro, the BNDES is deeply in the hole. This holding company would be the only way with certainty to put an end to the operational deficit in that area. This year, PETROBRAS plans to invest 40 percent more than last year.

It is the fate of Brazilian politics that ministers only feel well when they can spend, in the euphoria of the package, all the ministers felt very well over the popularity that Sarney gave the government. A coincidence, however, caused Sarney's cabinet to turn topsy-turvy between January, when it was formed, and the end of February, when the economic reform came out. When it emerged, the cabinet favored the PFL, which got the richest ministries in terms of contracts, projects, and orders. The PMDB was left with the bone of the social area, in which the ministers get a car, a telephone, and a budget. As a result of the package, the PMDB ministers are benefiting from the popularity of the government, which lowered social demands to insignificant levels, while the PFL ministers, who had expected to govern with ink-filled pens, are threatened with operating with scissors. Minister Aureliano, for example, is looking for $600 million for ELETROBRAS and in order to secure it is raising ever higher the banner of an apocalyptic rationing of light.

In a normal year, the economic reform would have had the enemies that the distorted structure of the government imposed [illegible] it. Now, 6 months from one of the greatest elections in republican history, the number is livelier. It was necessary for Minister Dilson Funaro to make an energetic telephone call to Bahia governor Joao Durval to get him to desist from the idea of contracting 40,000 new civil servants before it is prohibited by law. Funaro was successful with Durval but in the Federal District, he has been successively beaten by Governor Jose Aparecido de Oliveira. Aparecido insisted on obtaining 600 million cruzados from the Presidency to contract 1,400 employees, clean up Brasilia Lake, and build a pre-metro. Aparecido obtained only 15 million. However, one of his aides asserted that if that is the case, the Treasury did not know how to count because the Brasilia government had already pocketed at least 70 million.

Election Trick

"We have to organize for decisive, pitched battles with a lot of noise and, if possible, live television coverage," said one of the organizers of the plan. "If it is that type of battle, we will win easily, but if we continue to accept guerrilla warfare, in which the opponent fires and runs to his office, we are fried," he continued. As a matter of fact, in the guerrilla war in which Aparecido asks for 600, takes 70, and gives the impression that he only received 15, the package has suffered successive abrasions. The Rio Grande do Sul COBAL, for example, did not need onions, but its warehouses today are holding 2,000 tons harvested in Sao Jose do Norte. That miracle was performed by the agility with which Senator Carlos Chiarelli (PFL-Rio Grande do Sul) acted on Funaro and Iris Rezende in defense of the interests of the voters of one of his good election bulwarks. "We want adjustments in retail," he explained; "the party gains dividends in wholesale."

At another point of the party spectrum, Deputy Euclides Scalco (PMDB-Parana) convinced the Production Financing Company to purchase some tens of tons of beans from its election bulwarks despite the fact that they fell below the government's grading standards. In another stroke, the same deputy convinced COBAL to acquire a stock of pork with the argument that the market prices offered in northwest Parana were low. "The meat packers wanted to pay very little for that meat to increase their profits," explained Joao Bosco Ribeiro of the Interministerial Supply Council.

Scalco, therefore, achieved a veritable feat: He sold a product that was cheap in the market at a higher price to a government that is making an effort to lower the prices of private enterprise. That pork lot clearly demonstrates the disease that erodes the Brazilian economy and state. Through guile and megalomaniacal plans, the state brought into its machinery conflicts that were the business of society to resolve, such as, for example, the pork of northwest Parana. In practicing that distortion, the state embroiled itself in a tangle in which one never knows where the interests of the hog-breeder begin and those of the government end. Since the money in the Treasury does not belong to anyone, whenever this sort of thing happens, what is most likely is that the deputy will gain votes and the hog-breeder will gain money. To the taxpayer is reserved the role of voting for the congressman, paying the tax that supports COBAL, and if, after all, there is something left, buying a chop--almost always more expensive.

Second Shock

Since supply is currently the most visible point in the battle, everything is done behind the scenes. In Rio Grande do Sul, the producers of fine, long rice proposed to the government that they would accept the price of 156 cruzados for a 60-kilo bag provided that they were allowed to add lower quality rice, without the knowledge of the consumer. "It was unacceptable," revealed Nelmar Batista, secretary of National Supply of the Ministry of Agriculture, before whose desk the swindle died. Pedro Simon, former minister and senator, also of the Rio Grande do Sul PMDB, is another who torments the executors of the economic reform, as bearer of the demands of powerful farm cooperatives with cash problems and eager for public money to resolve them.

All of those disarrangements are the product of the victory of the anti-package forces in various combats, but there is nothing to indicate that President Sarney and Minister Dilson Funaro have spurned the possibility of drawing the enemies of the package into a pitched battle. In that case, the defenders of the reform, after winning with the initial shock of March are only waiting for the moment to apply the second shock. In that sense, Sarney's and Funaro's warnings to the saboteurs are a sort of yellow light, offering them time to retreat. At the end of last week, irritated by the nth reincarnation of the rumor to the effect that the freeze is going to end, Sarney clearly demonstrated that he does not intend to unfreeze anything before December; not even the freezer in the presidential residence. With 30 years of politics behind him, Sarney would prefer to walk on nails until the end of the year rather than touch retail prices before an election.

Great as may be the economic problems after November, they will always be different. A mishap today would mean not only an immediate loss of personal prestige for the president, but the complete disorganization of the government alliance, to the advantage of Rio Governor Leonel Brizola. With his personal prestige frozen outside of Rio de Janeiro, Brizola needs for Funaro to fail in order to reorganize the PDT, doomed by the package to seek more and more alliances with the PDS.

Warning to Maciel

Sarney's relationship to the economic reform has been one of veritable passion. The president knows that the reform, which today has many fathers, would have been his exclusive handiwork if it had failed. Funaro risked his place in the cabinet but he could always return to the directorship of his toy industry in Sao Paulo. The professors from the Rio PUC and the University of Campinas could always return to their university chairs or to new courses abroad. Only he, Sarney, would become the symbol of a failed adventure at the inevitable price of a humiliating diminution of his mandate.

For that reason, there is no one in the government who can package the reform except Sarney. Even though Sarney is not a politician who goes to the office to settle disputes, the president at least signaled his chief of the Civil Office, Mario Maciel, that Funaro has the inside track in matters of economic administration. When Maciel tried to retain in SERPRO the bureaucrat, Jose Dion de Mello Teles--an old acquaintance who had committed acts detrimental to good administration and who is involved in serious charges of corruption--Sarney handed Funaro the official's head.

The president's speech in Barretos sounds a warning and indicates that even during the election campaign, there could be a public flaying of the adversaries of the stabilization plan. Three weeks ago, when indications began to reach the presidential palace that clear acts of sabotage were being committed in wholesale trade and industrial sectors, the possibility of making a few exemplary arrests was raised. The idea was discarded as being premature, not as being stupid. The essence of the problems of the package begins to indicate that only demagogy can hurl against private enterprise the popular mobilization that the package is capable of generating. It has been discovered once again that the greatest problems of the reform, of the economic stability of the country, necessarily require putting things in order within the government, inhabited today be the most active and some of the most powerful enemies of the package.

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CHILE

CARABINEROS CHIEF COMMENTS ON ORGANIZATION'S STRENGTH, ROLE

Santiago LA NACION in Spanish 27 Apr 86 pp 12-13

[Interview with General Rodolfo Stange Oelckers, general director of the Carabineros and member of the Government Junta, by Veronica Reyes Orrego in Santiago de Chile; date not given]

[Question] General, the Carabineros have in recent times been confronted with a series of difficulties. Do you believe that this institution is in a proper frame of mind to commemorate this new anniversary?

[Answer] Without a doubt it is in the best of spirits. I would say renewed spirits, because difficulties always strengthen one. It is true that there have been difficulties and we have lost some of our men, but their example guides our actions today and renews our commitment as individuals dedicated to the service of the fatherland and the national community.

It is for this reason that on this most significant occasion, each Carabinero silently, wordlessly and from the depth of his feelings repeats the pledge of service and reaffirms his determination to become better every day.

[Question] Despite the constant attacks suffered?

[Answer] Yes, despite this. The faith and optimism which guide us to do our work with renewed vigor are based on the certainty that we have the support of the entire community, which wants to live in peace and tranquillity and does not support the actions of those who attack us.

[Question] But do you think that this community to which you are dedicating your efforts understands the mission of the Carabineros?

[Answer] Certainly it does. The vast majority of the citizens support our police functions, understand them well, respect them and collaborate in many tasks silently or quietly. The people turn to us for aid and ask for information. This is without a doubt evidence of confidence in the tasks the Carabineros carry out.

Delicate Functions

[Question] Apart from your role as police and the safeguarding and maintenance of the public order, about which you have spoken, what other responsibilities have the Carabineros of Chile?

[Answer] By constitutional provision, the Carabineros make the law effective, making juridical order and harmonious social coexistence possible. Similarly, along with the armed forces, the Carabineros are the guarantors of the institutional order of the republic. These are our most important missions.

In addition, the tasks of social support and actions being carried out, which have expanded and are constantly being strengthened and maintained, must not be forgotten.

[Question] What are they, for example?

[Answer] Social support in emergencies, unforeseen events and catastrophes. Important missions for the public good which seem to fit naturally into our institutional activity are also undertaken. These included traffic education and prevention campaigns, school safety brigades, the protection of minors in unusual situations, the rescue and transportation of injured persons, as well as the work of promoting Chile and safeguarding our sovereignty on our frontiers and in the distant corners of our territory.

[Question] And along with this, opposing subversion.

[Answer] Exactly, just as you say, although this is the most thankless task. How much we wish that there were no type of disorder or violation of the public tranquillity!

[Question] Is this possible?

[Answer] Of course not. No such thing is possible even in the societies more advanced and developed than ours.

Troop Strength

[Question] Do you believe, General, that the troop strength of the Carabineros is proportional to the increase in the population?

[Answer] Chile has seen a notable population increase in recent years, and with this, the urban zones in the majority of the cities have grown. The troop strength of the Carabineros of Chile, however, has not by any means seen a rate of increase similar to that in the population.

[Question] There has been much speculation in this connection. There are those who say that there are 30,000 men in the Carabineros, while others insist the figure is about 40,000. What is the figure precisely?

[Answer] We would very much like to reach this figure, since we could then provide service to so many sectors which need it.

Our strength is less than the 30,000 you mentioned, including therein everyone from the general director down through the commissioned and noncommissioned officers, corporals, Carabineros, students, doctors, social aids, nurses, telephone operators, drivers and all other special workers employed by our institution.

[Question] Are the complaints of lack of coverage in certain sectors justified, then?

[Answer] In some cases I believe that they are, despite the efforts this institution is making to serve all the areas which need its presence. One must also take into account other factors which make the police problem more acute, resulting basically from situations such as the great increase in the number of vehicles in use, the growth and spread of the cities, the complexity of interpersonal relations, the development of the social group, crime, drug addiction, etc. All of these are social phenomena which have a direct effect on our work.

[Question] What are the factors responsible for this personnel shortage?

[Answer] Basically it is the result of a budget problem. As you well know, the economic resources of the country are limited. There are multiple needs in the social sector in which our task is included, and they must be met on the basis of priorities, since in order to increase resources in one sector, it may very well be necessary to reduce them in others.

[Question] Faced with this situation, General, what steps have you taken?

[Answer] Internally, optimization of the use of human and material resources. Our priorities are headed by preventive police service, for which reason we have, insofar as possible, reduced the personnel assigned to administrative tasks. Along with this, a reduction in the expenditures on all of the institution's activities has been necessary.

Externally, there are the studies we are pursuing with the pertinent authorities with a view tofinding alternatives for financing to reduce our personnel shortage.

[Question] And what do the authorities say about this?

[Answer] There is the greatest readiness to find feasible alternatives we can use. As I have told you, it is a problem we are studying jointly, but I reiterate that there are priorities within the requirements of this sort.

Attacks on Carabineros

[Question] Despite the large number of attacks of which the Carabineros have been the target, is there nonetheless interest in police careers?

[Answer] Certainly there is such interest. And I would say even more. This is indicated by the number of applications whenever a competition is announced.

The clever but cowardly actions have not succeeded in frightening us. It would be easy to show anyone that neither attacks nor other activities have reduced the interest of young people in joining the Carabineros of Chile, a body which in almost 6 decades of existence has proved that it is a basic institution of the republic.

[Question] What guarantees are offered to your personnel?

[Answer] From the moment a citizen joins the ranks of this institution, he undergoes a regime of training and study including personal and institutional security measures. For this basic reason, I believe that we should all feel very secure.

We are aware that everyone must make an effort and must know that the motivation of all of us in our work is the same. This is the best security we can given our employees.

[Question] But there are some who, because of their duties, take greater risks than others?

[Answer] This is true, but you can be sure that each Carabinero knows the risks of his profession and accepts them. His main interest is protecting and defending his fellow citizens, and thus, in his daily activity, he honors his pledge of service.

It is also often forgotten that the law supports the actions of the Carabineros, and those who attack their integrity are violating legal norms, for which violations drastic penalties are provided, as is the case in every country in the world.

[Question] However, a few days ago a noncommissioned officer was seriously injured in the heart of this capital city, but he did not dare to fire in legitimate self-defense.

[Answer] You are referring to a regrettable occurrence which the whole country unanimously denounced at the time. It was a treacherous and cowardly attack unworthy of civilized beings, and inexplicable in the light of reason and law. Well, faced with situations like that described, when it is a question of a knife blow, the Carabineros retain their caution and their professionalism to the very end, in their concern with avoiding harm to third persons.

In fact, as you say, the injured officer drew his revolver as he collapsed and could legitimately have used it. But seeing the numerous passersby in the area, he refrained.

[Question] It is said that many of the attacks made on the Carabineros are of a "vengeful" nature.

[Answer] I do not share this view. The Carabineros are recruited from among the civilians, are a part of the community, live within it and share its problems and needs.

Therefore they play a worthy and overwhelmingly important role in the service of their fellow citizens, such that it seems absurd to me that it could be a question of vengeance. In addition, our personnel are fully aware that their actions must adhere strictly to the law, and they attempt to act in this way at all times.

Excessive Patience

[Question] Based on an evaluation of the present period, do you believe that an increase in violence has occurred recently?

[Answer] Of course there is violence, for the results can be seen. We have seen situations of violence never experienced in the country before in the way in which they are now occurring, in cunning, secretive fashion, motivated by an irrational passion to disrupt the citizens' order and tranquillity. These are attitudes which have never been found in the Chilean way of life before.

[Question] To what do you believe this manner of acting is due?

[Answer] It is because they are proceeding gradually in an attempt to find some method of making the Carabineros react massively with violence. They are trying to provoke us to see if then, in this way, they can lead us into situations of conflict which may do us harm.

You have seen that our personnel have proceeded with great caution. With an excessive patience, if it could be put thus. Truly excessive patience!

[Question] But do you not believe this "excessive patience" has had a high cost for the institution in victims?

[Answer] The procedure which I have just described, no. The victims have been the result of unforeseen attacks and other circumstances. But this has not resulted from the massive use of employees as such. Except when there are cowardly deeds such as that which recently occurred, either in darkness or with impunity, so that the attacker can hide in a group surrounding an officer. Then what you mentioned occurs.

[Question] You have said repeatedly that this state of violence is being caused by small groups of individuals who move from place to place. That they are the same people in the cities, the villages, the universities. How then is it not possible to identify them?

[Answer] I say it again. There are small and very well indoctrinated groups, closely united in their methods of action. It is clear that they have received training, since these are minority sectors which enlist the unwary to swell their ranks. This is not, in any case, a large enough percentage to justify talk of mass actions.

As I told you, these are little groups which emerge in various places, sometimes simultaneously, or in a series of actions. They begin in one sector, create disorder, and then flee when the Carabineros arrive. Then they gather again, appearing elsewhere. And thus the site of the events is chosen to permit alarming photographs which will upset the national public.

[Question] They are then individualized?

[Answer] Naturally. However, in all of this disorder undesirable individuals who make crime their regular way of life are intermixed. It becomes very difficult to distinguish them in these groups, the more so when one realizes that they cover their faces with kerchiefs and other criminal paraphernalia.

[Question] In terrorist action today a high level of technical development can be seen. Are you up to date on this matter?

[Answer] Obviously yes. What I really want to stress is that the Carabineros are proceeding by peaceful means. When it is reported that the police have been bested in certain situations, it is not true. We have many levels of readiness with which we respond to provocation or aggression with full efficiency.

But do not forget that Chilean legislation provides a graduated scale of persuasive means.

[Question] What is the next step?

[Answer] As of the present we are not using all our resources. But if they push us to more aggressive levels, logically we will use others of these mechanisms. However, there is a long path still to be covered, and we hope it will not come to this.

Extraterritorial Status for Universities

[Question] A number of sectors think that university autonomy is synonymous with "extraterritoriality." What is your assessment of this opinion?

[Answer] It seems to me that to say something like this is to err on purpose. I believe there is not one country in the world where this concept is endorsed in this fashion.

[Question] However, there are those who criticize the presence of the police within the university premises.

[Answer] I would say that the entry of the police force into a higher educational institution has as its sole purpose precisely making the full exercise of university autonomy possible.

In my view, there are certain individuals dedicated to provoking violence and chaos in these establishments. It is those people who promote outrages and who alter the healthy coexistence without which neither science nor high expressions of the spirit can develop who are striking serious blows against this autonomy, against the universities themselves.

It is more serious still when groups of criminals, who seek a kind of immunity in the universities for the commission of all kinds of crimes, are allowed entry there. Curiously, these actions are not publicly known or denounced as the flagrant violations of the very essence of university autonomy they are.

[Question] General, could you make it clear under what circumstances the Carabineros act?

[Answer] I would remind you that the uniformed police constitute a preventive body. They provide service in order to prevent criminal crimes by their presence, but when such occur, they are obligated to act. Therefore, when violations of the public order, damage to state property or threats to the physical safety of individuals occur, the police forces must intervene. This is dictated by the political constitution and numerous special laws.

Because of this, I must respon to your question, finally, by stating categorically that the public forces have an obligation to intervene wherever a crime is being committed. And with even greater reason if our presence is requested by the university authorities, which I believe have the authority, among other things, to ensure the existence of the peace and calm which make the normal development of their work possible.

[Question] What happens if the Carabineros do not intervene?

[Answer] If the authorities do not act when they have a legal obligation to do so, they may be charged with a crime for which our legislation provides penalties. In juridical terms, this would be "nonfulfillment of military duty."

[Question] Other student sectors term the police actions "repressive."

[Answer] Regrettably, this type of comment is made with a certain frequency. But is wrong.

Public order is a basic condition for the development of the country. Now if a citizen violates the established order, he is violating the rights of others, and therefore it is imperative that the public forces reestablish that order.

Responding to your concern, I would inform you once again that the Carabineros do not pursue repressive actions. They merely carry out their duty to oversee the prevalence of law, and in doing so, they employ the rational means dictated by the legislation.

Participation in the Legislative Branch

[Question] Last August you took over the General Carabineros Office and also became a member of the Government Junta. How have you dealt with these new obligations?

[Answer] In my capacity as deputy director general of the institution, I had the opportunity to learn about various aspects of our activity. Naturally, as you will understand, this was hard work, but very rich in experience. In particular, I sought to apply all of the thinking which matures in an individual throughout his career. My obligations as a subordinate officer and the tasks inherent in the rank of commander have taken shape in projects or ideas I want to carry out as the ranking commander.

[Question] Your experience in legislative work is recent.

[Answer] Yes, that is true. However, the solid training in juridical matters my institution gives its officers has been useful to me in carrying out this task, and to this I should add the experience gained in the various posts in which I have served in the Carabineros of Chile.

The knowledge I acquired in some enterprises in the mining sector, where I worked for a period of 6 years, has also been enriching. In addition, I have a skilled and efficient advisory team in the Third Legislative Commission.

[Question] Do you favor a revision of the political constitution?

[Answer] On this subject, as on many others, I do not believe it is possible to make categorical and definitive statements until the pertinent provisions are implemented and the necessary serious and exhaustive studies have been made. Therefore I believe that it will be a proper analysis at the proper time which will tell us what is best for our country.

[Question] Is there then disagreement about the right of subordinate officers to vote?

[Answer] There can be no discrepancies on an initiative which has not yet been subjected to the bodies which need to discuss it.

[Question] In conclusion, tell us about the progress in the organic laws on the functioning of the political parties and the Electoral Registry.

[Answer] I must be very clear about this. These laws are in the process of being studied by a part of the proper legislative commission, the members of which are engaged in delicate work of an informative nature which it is very difficult to complete.

[Question] When will this study be concluded?

[Answer] The public will be informed about this matter in due course.

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CHILE

FORMER MINISTER JARPA ADVOCATES CONSTITUTIONAL REFORMS

Santiago EL MERCURIO in Spanish 3 May 86 p C3

[Text] Former minister of interior and present leader of the National Labor Front Sergio Onofre Jarpa has said that it is necessary to amend some temporary articles of the Constitution. He mentioned Article 27, with a view to proceeding to the election of the president of the republic in 1989, by way of example.

This statement was made by Jarpa when he was asked if he still believed that the urging of some reforms in the present basic charter when he was minister was just for show.

The former minister of interior said: "It is necessary to amend some temporary articles of the Constitution, such as those, for example, which have to do with the right of the commanders in chief of the armed forces and the director general of the Carabineros to propose, in that capacity and subject to ratification by the citizenry, the individual who will serve as president of the republic in the period subsequent to 1989."

And he added: "We believe that this is not a proper procedure, that the armed forces should not have the right to participate in political election affairs, that they should continue to serve as the basic custodians of our institutional system and sovereignty, and that therefore, they should not be involved in electoral matters which have a different connotation and which could possibly mean a failure for them."

Jarpa specified that "After all that has happened under this government, in which the armed forces have played the role of a primary protagonist, it seems to me absolutely undesirable that they might end the period with a failure or rejection of a proposed candidacy by the citizenry."

"Therefore, we have suggested the desirability of introducing this change and proceeding straight toward a normal election of the president of the republic in 1989," Jarpa said.

In speaking of the possibility of an early congress, which he suggested when he was minister of interior, he noted that there was a plan calling for the study and promulgation of political laws which "would include first of all the

Political Party Law, the Electoral Law, the Election Supervision Court and the Congressional Statutes Law. To this end, the president of the republic (Augusto Pinochet) has sent an official letter to the Council of State ordering a study of these laws."

"While I served as minister of interior, the Council of State carried out a study of the Political Party Law, which was submitted to the Government Junta for legislative study as such," the former minister said.

He noted that "The other laws as well are being studied by the Council of State."

He emphasized that "Moving up the congressional election was also a part of this proposed advance toward full institutionality, toward the full application of the Constitution. Regrettably, however, circumstances did not develop as had been thought. The political opposition insisted on provoking a cabinet crisis through protests, through terrorism, and I admit that the atmosphere did not, has not favored further advance."

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CHILE

LABOR LEADER SEGUEL PROTESTS ARMS SALES FROM SPAIN

Madrid DIARIO 16 in Spanish 4 May 86 pp 1, 16-17

[Interview with trade union leader Rodolfo Seguel by Melchor Miralles in Santiago de Chile; date not given]

[Text] "I publicly voice my most energetic protest about the fact that the Gonzalez government is selling planes and weapons to Pinochet. This is causing the Chilean people terrible anguish, particularly since this action comes from Spain, a democratic country which we admire." This statement was made to DIARIO 16 by trade union leader Rodolfo Seguel.

During his talk with Melchor Miralles, the special correspondent of this newspaper, this highest Chilean trade union leader added that the aid the Spanish government is giving to the dictator Pinochet is expressed in "the sale to him of war materiel, light military transport planes and training planes equipped with light weaponry. In other words, it is selling planes and weapons to Pinochet."

Rodolfo Seguel believes that "Naturally, the armed forces must participate in the democratization process in our country, since with the tyrant one cannot negotiate, but with the military it is indeed possible to do so."

After noting that he rejects the interference of the United States or any other country in Chilean politics, Seguel said that he is a pacifist "and I would therefore not sign the death sentence of Gen Augusto Pinochet under any circumstances."

On the other hand, the gradual militarization of oppression of opponents is continuing in Chile and, for the first time since the state of emergency in 1984, army troops are going into the streets in force to confront a social mobilization which is growing larger every day. Following the clashes on 1 May, mass demonstrations continued yesterday.

Seguel is a tremendously busy man. A disqualification order hangs over him, to which he has not paid the slightest attention. Rodolfo Seguel left a meeting of the National Workers Command to talk with DIARIO 16, in premises being guarded by the workers against the possibility that their leader, Comrade Rodolfo, might be detained by Pinochet's men.

[Question] Is there unity in the Chilean trade union movement?

[Answer] The word unity is used throughout the entire world, and is always found where a conflict exists. Under dictatorships, there is talk of nothing else but opposition unity. Yes, we Chilean workers are united.

[Question] What you say may be true, but I have seen a distance between the party leaderships and the base levels in Chile, between the popular movement and the leaders. Do you agree?

[Answer] That may be, but I think it would be wiser to distinguish between the social base and the social leaders and the political base and the political leaders. In the former case there is no distance, and we demonstrate this every day. The problem of the parties is that, following the coup, it has been difficult to build them up again, and as there have been no elections, none of them knows how many people it can count on. On the trade union level there are indeed elections, and this is the reason for the difference. Moreover, the dictatorship works to divide, because it knows that this is one of the foundations of its success.

[Question] In Spain and in other Western countries, the majority trade unions are class unions, aligned with theoretically leftist parties. On the trade union level in Chile, the Christian Democrats have a majority. This is a curious phenomenon. Is it perhaps that Christian Democracy in Chile is a revolutionary movement?

[Answer] This has already been said by one of the founders of the Christian Democratic Party, Eduardo Frei. We are revolutionaries. In this country, now more than ever, it is necessary to bring about a revolution, but there are many ways of doing this and of being revolutionary. Revolution is not always with weapons. I believe that there was a revolution in Spain with Felipe Gonzalez.

[Question] When you said the name Felipe Gonzalez, I noted that your tone was loving and affectionate.

[Answer] The fact is I feel great affection and gratitude toward the Spanish socialists, who have been phenomenal in their dealings with us, and with me personally. I admire the Spanish political process. But since you mentioned Felipe Gonzalez, I want to take the opportunity to express publicly my most energetic protest about the fact that the Gonzalez government is collaborating with the government of the dictator Pinochet. Yes, it is collaborating, because it is selling it war materiel, light military transport planes and training planes equipped with light weaponry. In other words, it is selling planes and weapons to Pinochet, and I hope that you will publish this, because it is causing the Chilean people terrible anguish, particularly since this comes from Spain, a democratic country which we admire. It pains us, it irritates us, and we express our most energetic protest on the international level.

[Question] What role have the Chilean communists played and what role should they play in the process of democratizing Chile?

[Answer] A very important one. When we speak of communists, it must be remembered that they are not all pro-Soviet. I think that those situated at the very extreme are a problem.

[Question] Do you advocate pursuing armed struggle against the Pinochet regime? Do you believe it could make a positive contribution to the process of democratization in Chile?

[Answer] I am a pacifist, as I have always said. I have always waged a peaceful struggle and a peaceful revolution. The last document to come out of the Vatican is really important, because it says clearly that peoples subjugated for years and years have the right to rebel, and even to use arms, to liberate themselves from dictatorships. Now then, I believe that Chile is not in a position to take up weapons against the dictator.

[Question] Should I conclude from your words that you support seeking an agreement with the armed forces?

[Answer] Naturally the armed forces should participate in the process of democratization. The greatest political error the civilians in this country could commit would be to force the armed forces into defeat in the democratic process. This would mean failure to reach the goal and the continuation of the dictatorship for many years. One cannot negotiate with the tyrant, but with the military, one can.

Anything Is Possible

[Question] What then is the path Chile should pursue to achieve democracy?

[Answer] The Spanish journalists are interesting. They all ask me the same question. Well, it is clear. One path is the parliament, elections, a plebiscite. The first thing is to put an end to the dictatorship, before anything else. Bringing the tyrant down is the first step, and then all the rest will come. After that I will summon you back to talk again.

[Question] Mr Sequel, it is obvious that the dictator is not going to resign.

[Answer] No, he will not. Pinochet must be thrown out.

[Question] Do you believe that a dictator can be ousted without taking up arms? Can one convince a dictator to depart in the course of dialogue?

[Answer] Everything is possible. In Spain the dictator lasted for 40 years and die. The people were not capable of ousting the dictator. In Argentina the dictator departed with his tail between his legs after a military defeat. In Uruguay the ruler was better prepared, and acknowledged a political defeat. In Brazil, the same thing. In Haiti there was a military defeat. In the Philippines there were elections. There are many different alternatives to taking up arms in Chile, and one of them is for the military to realize that the situation is untenable.

[Question] Do you believe that the United States has modified its policy toward Chile? Is this of capital importance?

[Answer] We are irritated at the interference, because they intervene whenever it suits them. They worked very hard to put an end in Chile, and we Chileans are paying very dear for this effort by the United States, and many generations of Chilean citizens will continue to pay. Now after 12 years, it seems that they want a change again, but I do not know where they want to push us now. No, I do not like interference, and that does not mean I am anti-American. I do not like interference from anyone.

[Question] Are you a Catholic?

[Answer] I am a Christian.

[Question] What role is the church playing in the struggle for democracy?

[Answer] A preponderant and basic role, and I hope it will continue to do so and will move ever closer to the proposals of Mgr Silva Henrique.

[Question] What about the Vicarship of Solidarity?

[Answer] It is a part of the church and has been the basic, key support of Chilean people. And it will continue to be, for when the dictatorship falls, there will certainly be some who want to get their own back and the Vicarship will be there to defend human rights and to defend those who would behead us.

[Question] Does the possibility that you may go back to prison concern you?

[Answer] No, because it is a source of pride to be arrested under the dictatorship. These prisons are little ones, for the great prison is the country. From Arica to Magallanes, from the mountains to the sea, this is a prison containing 12 million prisoners, with a single jailer who holds the keys. They must be taken from him.

[Question] When you were in prison, was international solidarity important to you?

[Answer] Very. And I recall Txiki Benegas in particular. He was a man who went everywhere, until he was put in prison, to give me a hug when no one could get in.

[Question] What does it mean to you to be an important man in Chile?

[Answer] We are all important due to the fact that we were born. As we grow, we win respect for ourselves as men, but if we do not do that, it is then that we cease to be important.

[Question] Are you the Chilean Lech Walesa?

[Answer] Again the Spanish journalists. You all say this. My name is Rodolfo Seguel and I am a Chilean. I live in this country of 12 million inhabitants with an atrocious military dictatorship. Walesa is a Pole living under a leftist military dictatorship. He has his struggle and I have mine.

[Question] Does the comparison annoy you?

[Answer] I do not feel one way or the other about it. The fact is that he is Lech Walesa and I am Rodolfo Seguel, and there is a great difference.

[Question] What assessment would you make of Pinochet from the human, personal, nonpolitical point of view?

[Answer] I am sorry for him, because he is the most lonely man in the world, an abandoned man.

[Question] Would you sign the death sentence of Augusto Pinochet?

[Answer] Under no circumstances--neither for Pinochet nor for anyone else.

Comrade Rodolfo

Rodolfo Seguel is married. His wife is Griselda, and he has two children, Caroline, who is 12, and Rodrigo, nine. He is one of the most popular men in Chile. President of the National Copper Workers Confederation and the National Workers Command, he is the daily victim of persecution by the Augusto Pinochet regime. His colleagues call him "Comrade Rodolfo."

He became popular in January of 1983 when he was elected president of the CTC. Shortly afterward, following a confederation congress, he supported the calling of a strike, the most important ever in Chile, also urging solidarity with the appeal for cooperation by other production sectors. Later, this decision culminated in an appeal for a national protest against the military dictatorship, thus becoming the promoter of the first mass protest campaigns.

This constant and unceasing opposition activity has cost Rodolfo Seguel his freedom on three occasions, when he served prison sentences ranging from 1 to 4 months. His first imprisonment led to his first dismissal from the CODELCO of Chile, along with 37 other trade union leaders in that sector.

During his second imprisonment, he went on an 11-day hunger strike, only being released because of tremendous international pressure, from trade union organizations in dozens of countries in particular. Apart from the political trials, he has filed suit and been a defendant in many trade union cases.

There is now a judgment disqualifying him for trade-union leadership because of his dismissal. He does not accept this court decision, since he was elected and reelected democratically. The shadow of prison again hovers over Seguel, who never ceases to repeat that iron bars do not frighten him.

5157
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CHILE

ARMED FORCES STUDYING LEGAL ASPECTS OF CONSTITUTIONAL REFORMS

Santiago HOY in Spanish 12-18 May 86 pp 6-8

[Article by Ascanio Cavallo]

[Text] Twelve long years ago, in June 1974, the Naval Council, which comprises the navy high command, held a long and stormy analysis session. The admirals wanted to ask their commander in chief, Jose Toribio Merino, the significance of Decree Law 527 (the Junta Statute), which named Gen Augusto Pinochet Ugarte the nation's supreme leader.

Time has washed away the traces of that council meeting. Those admirals are now retired; the Junta Statute has fallen into oblivion because of disuse; Pinochet has assumed loftier and stronger titles; and Admiral Merino has had other problems to solve. Time can be relentless with laws and men, but institutions represent an effort to transcend it.

In the case of the navy, the council's motivations in June 1974 have persisted throughout the military regime. Proud of its traditions, closed and accustomed to autonomous deliberations, the navy took the initiative and made the crucial decisions in what is called the 1973 "revolution." It was, in a way, its revolution. When did it cease to be?

For a long time the admiralty thought that such concerns had to be subordinated to the need for Armed Forces unity and for national political leadership.

It has not been until recent months that things have changed drastically. The country's future, the stability of its institutions, and the survival of its principles are now perceived as the crux of the matter. And one document embodies all these things: the 1980 Constitution.

Thus, when Admiral Merino spoke in March at the opening of the legislative session about the need to "revise" aspects of the constitution, he was saying something that navy experts had been thinking for a long time.

Several weeks later in Angol Pinochet harked back to the navy's longstanding feelings about the "lost revolution." He accused politicians of wanting to change the constitution "because it does not serve their purposes" and he closed the door on any "revision" with the argument that "it has not been enforced comprehensively."

Photocopies

In the office of the legislative commission that Merino chairs (the first commission) there is a small, very modern and very fast photocopier. It was purchased recently. The first commission has also recently put it to a nontraditional use that none of the other commissions have imitated: copying all of the documents entering the office.

Each week a vehicle carrying the documents leaves for Valparaiso.

This new routine is perhaps the clearest symptom of what is going on in the navy. For the first time in many years its political concerns have grown to the point that the top brass is closely monitoring the decisions that the Executive and Legislative branches are making.

From this stems its concern over the 1980 Constitution. Some say that the time is ripe because the navy has a team of 37 highly skilled auditors (there were 11 of them in 1973) who, unlike in the other branches of the military, serve mainly as advisers, not as subordinates. Other sources assert that a majority of the admirals have studied the issue and arrived at the conclusions that Merino hinted at in his March speech.

Within the current makeup of the navy high command there is a gap of several generations between the commander in chief and his immediate subordinates, as is the case in the army. But in contrast to the army, the navy's tradition of autonomous deliberations has given rise to a dual phenomenon: the commander in chief exerts strong influence on matters pertaining to the defense of the institution, but opinions on the country's political leadership do not always coincide.

A Controversial Speech

Thus, Pinochet's blunt reply to Merino prompted annoyance. The government realized that the proposal for a "revision" represented a widespread feeling in the navy. In fact, the navy's legal experts had gone even further in the drafts of the speech that Merino was to deliver. They wanted him to say specifically that the transition arrangement provided for in the 1980 Constitution needs major changes in keeping with the country's new political situation.

Merino, who prefers an indirect approach and tries to avoid open confrontations with the Executive Branch, omitted these specific points and stuck to the general term "revision."

The navy had strong grounds to offer a specific proposal in its political analysis. It was certain that the other two branches of the Armed Forces, the air force and the Carabineros, are working in the same direction and are making similar observations. But Merino, who is familiar with the vagaries of power, was not sure that such a consensus would be openly acknowledged by his peers on the Junta.

Events were to prove him right. The other two members said that the speech was "personal" and that they had not seen it in advance. Manifestly annoyed, Merino told Diego Portales reporters that the text had been sent to the heads of the Legislative Branch with enough lead time.

In contrast, Pinochet's address in Angol was completely unexpected. It was also far from deferential, because his direct reference in an unannounced public speech was somewhat sensationalist and at variance with the law. Under the temporary articles of the 1980 Constitution itself, only the Junta has constituent power. The president can only call a plebiscite. Merino was forced to make his point again. On 29 April he reiterated that "there are certain articles of the constitution that warrant reexamination or modification /before we hand over the government"/ [italics in original].

Open Elections

What are the main points that the navy has reviewed?

There are two of them: the mechanism for the presidential succession in 1989 and the mechanism for amending the constitution.

The italicized remark by Merino seems to be a clear allusion to the latter issue. There is a widespread conviction in the navy that unless the amendment mechanism is modified before the permanent articles take effect, it will turn into a straitjacket later. Moreover, there is no coordination between the various aspects that the transition entails and that have to do with the amendment procedures. For example, the articles that provide that the commanders in chief cannot be removed until 8 years after 1989 represent the imposition of a temporary measure within the permanent provisions. And there is an additional risk. Whatever sort of government takes over would be able to get rid of the commanders in chief through impeachment, in other words, a serious crisis that would inevitably affect the military.

The issue of succession is even more urgent. Navy experts feel that all of the guidelines for the 1989 plebiscite are flawed. A great majority of the top brass favor open elections over the nomination of a candidate by the commander in chief or the National Security Council. It would prove extremely difficult to achieve a consensus on any name, and if the name were Pinochet's, discussions would grind to a halt "right here and now."

It is not clear whether Merino has made a personal decision in this regard. But it is obvious that the admiralty has already formulated its options.

The crucial issue, on which discussions within the regime will probably center in the months to come, is whether the Junta can make its opinion on constitutional matters prevail even though Pinochet's direct personal representative, Lt Gen Julio Canessa, is a Junta member.

Three Branches

The air force (or at least the studies that its superior officers have prepared) agrees that changes are needed in the two areas indicated by the navy. Carabineros is known to attach the highest priority to modifying the 1989 arrangement, but there are no indications that it has proposed changes in the amendment mechanism.

Last week each of these three branches began its own investigation to ascertain to what extent the Junta has the legal tools to call for constitutional reform.

The main argument is that the constituent powers rest with the Junta, while the chief executive can only call the plebiscite. If he wants to stop it, it will be his responsibility.

The role that Canessa plays on the Junta could forestall debate on the mechanisms. Canessa is not expected to acquire the independence that his predecessor, Gen Cesar Benavides, had and that eventually got him removed from the Junta.

There are all sorts of possibilities, however.

Two weeks ago, just before 1 May, Pinochet held three confidential meetings with the Junta. At all three he hinted, and also openly proposed, the possibility of imposing martial law.

The Raids

Each time the members of the Junta voiced their unanimous opposition to such a move, with Canessa concurring. At the last meeting he made the proposal formally, and it was rejected. Pinochet then proposed an alternative: the raids into the shantytowns, with joint Armed Forces involvement. None of the members of the Junta even attempted to voice opposition.

The raids, which began just hours before 1 May, represented the chief executive's strategy of "warfare" as insurgent violence mounted.

On Thursday the 8th, the Archbishop of Santiago, Juan Francisco Fresno, decided to take a stand on the gigantic military operations and asked the Interior Ministry to call off the raids.

But the raids by the combined troops continued on Thursday the 8th and Friday the 9th, spurred on by the alleged discovery of an FPRM arsenal in the community of Maipu. The pro-government press of course gave the arsenal all of the splashy coverage that it failed to give to the raids themselves.

Nevertheless, neither the overblown publicity nor the explanations of why the raids were conducted (Cuadra himself said that they "are pursuant to judicial orders") could hide the fact that the violence used against a huge number of Santiago residents was no longer sitting well with the Armed Forces.

The same annoyance that the top brass have shown when the possibility of amending the constitution has been thwarted and the same systematic opposition to martial law have in recent days been directed towards the military raids. The feeling has become widespread in Junta circles that the raids were all out of proportion to their results and represent an unnecessary drain on law enforcement agencies.

Carvajal Under Fire

Furthermore, the issue of martial law has been one of the best yardsticks for gauging how strongly the navy will assert its autonomy whenever it can. In April Admiral Merino stated that if the violence grew worse, the Junta could declare martial law. A few weeks later, Defense Minister Adm Patricio Carvajal, retired, said that martial law was always a possibility. The next day, Merino replied that under no circumstances would there be martial law.

The fact is that Carvajal is obviously one of Merino's biggest headaches. Last year he disavowed Carvajal's views on the mediation and even failed to recognize his status as an admiral "because he is retired." It is also true, however, that he feels ill will towards Carvajal largely because he often represents only Pinochet's views.

Merino feels that he enjoys sufficient authority to make a statement and then reverse himself in midstream if Carvajal proposes the same thing. Vis-a-vis Pinochet, only occasionally does he feel the need to reaffirm his stands when the president opposes him, as in the case of the "revision" of the constitution. We are talking about two variations of the same attitude, of the same old story that began with the June 1974 Naval Council, when someone spoke of misplacing a "revolution."

And what about the opposition? It has almost nothing to do with this affair. Partly for this reason and partly because the country's crisis has only gotten worse, the president of the Christian Democrats, Gabriel Valdes, kicked off a campaign on Thursday the 8th to demand elections from the government. It would not be overbold to assume that part of the opposition will focus its efforts on this.

But even if it did not, Valdes' proposal could have an unexpected upshot. Though it seems obvious that the regime will not make such a concession unless it is forced to in the months to come, as time goes by it could become the key rallying cry of civilian politics.

And at some point (why not?) it could dovetail with the concerns of those who are not civilians but who engage in politics.

8743
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CHILE

SOCIOLOGICAL EFFECT OF MILITARY RAIDS ON SHANTYTOWNS FEATURED

Santiago HOY in Spanish 12-18 May 86 pp 14-15

[Text] "The acts of political repression that government security forces committed against the so-called 'shantytowns'...caught the attention of the special rapporteur because of the violent manner in which they trampled on the fundamental freedoms of residents there." (Volio Report, Paragraph 124)

Fingers were pointed at the Defense Ministry on Thursday the 8th. The members of the Sebastian Acevedo Anti-Torture Movement gathered suddenly outside La Moneda palace to protest the raids into shantytowns. "They have turned Santiago into an occupied city," they cried.

The demonstrators, who painted their faces black like soldiers to make their denunciations more vivid, protested the "psychological torture" of such acts for several minutes.

In 2 weeks of successive military operations, only one raid was unsuccessful. In the Rahue Alto district of the city of Osorno, the commanding Carabineros officer became separated from his troops and was surrounded by local residents. Officials of the Chilean Human Rights Commission (CCHDH) had to intervene before the officer could take up his post again alongside his men. There were no further incidents.

In Santiago, where 15 shantytowns had already been raided, 8 more were last week. On Wednesday the 7th the "Oscar Bonilla," "Pablo de Rokha" and "El Esfuerzo" shantytowns were surrounded, along with several camps on Gran Avenida near bus stop 36 1/2. On Thursday the 8th it was the turn of the "Ramon Freire," "Selva Negra" and "Los Viveros" shantytowns in Maipu. On Friday the 9th the "Villa la Cultura" and the fourth district of "La Bandera" shantytowns got the same treatment.

The raids were nationwide (military operations were conducted on 1 May in the "Rosita O'Higgins" and "Los Robles" shantytowns in Chillan) and caused understandable concern. The archbishop of Santiago, Juan Francisco Fresno, said in a statement on Thursday the 8th that "I do not think that the investigation of crimes, which is the goal being pursued, justifies the use of means that do psychological and physical damage to individuals." He also called for an end to the raids (see boxed material).

Two days before the archbishop's statement, Admiral Merino had come out in favor of continuing the raids "as long as terrorists can be uncovered." And he added sternly: "They ought to be dealt with as harshly as possible, but in accordance with the law."

Andres Domínguez, the coordinator of the CCHDH, feels that the government has not admitted the reasons for the raids: "It says that the purpose is to find criminals, subversives, at the request of the local residents, and on sweeping orders from the military prosecutor. The fact is that when so many reasons are given, there is really no reason at all."

Dominguez rejects the notion that the operations were conducted pursuant to sweeping orders. "No one," he says, "has the authority to issue sweeping orders for raids." He believes, on the contrary, that the goals are "to prevent large-scale social mobilizations, to create fear among the shantytown residents and to keep military personnel active to maintain strict discipline."

Powerlessness and Fear

The testimony of the shantytown dwellers reveals what psychologists call the "habituation syndrome." Many of the locals told HOY that they regard the raids as "normal" and are even happy that the "Carabineros have not treated us badly." Others, however, have been deeply affected.

The young owner of a street cleaning company who lives in the Santa Julia shantytown told HOY: "I felt powerless and afraid. I was coming home from work, and then they didn't let me leave the town. They kept us standing all afternoon and then they branded us like animals." He added that the men in uniform made fun of them: "Who here likes politics?" they asked, or "Do you like what we're doing to you?"

E.A., 28, a resident of El Pinar, related: "I think it's terrible. I have a nervous disorder, and seeing the soldiers armed and painted up is very frightening. I had never seen anything like it."

A resident of El Pinar who chose to remain anonymous "out of fear" contended that the men in uniform threatened them ("They said that they would come again at night to take away the people who weren't around by day") and that incidents like this "upset the lives of residents." "We are very annoyed," he said, "because they think that just because we're poor we have no rights."

Enrique Brante, the minister in charge of the parish community of Santa Julia, explained how the locals feel. "An aftermath of pain and bitterness invaded our homes. The psychological damage to children is obvious. They see a patrol car and run away in fright, screaming. When they grow up, what sort of psychological pain is going to remain with them with respect to men in uniform. The damage is irreparable."

Arsenal Uncovered

In 23 raids the military forces have achieved their purpose only once, according to the official account. On Thursday the 8th, during a raid on the shantytown of "Los Viveros," the men in uniform uncovered an extremist arsenal. To corroborate his find, Col Rene Munoz Bruce (the troop commander) brought in the local parish priest, Alfonso Flor Larcher, an Italian, along with three other priests. Two locals also came: the parents of Manuel Guerrero Ceballos, the AGECH leader slain more than a year ago.

Although the aim was to lend "credibility to the find," the priests made it a point to emphasize the next day that they saw only that the weapons were there and were not present when they were uncovered.

Whether the weapons were there or not, Andres Dominguez remarked that "the use of such procedures shows that the security services, the civilian police and the Carabineros are unable to find subversive groups unless they comb the entire country."

On Friday the 9th the shantytowns of " Villa La Cultura" and the fourth district of "La Bandera" were raided again. This time a Chilean Armed Forces patrol arrested Radio Chilena reporters Angel Bozan and Patricio Parraguez. They were threatened and forced to hand over their work gear; they were released shortly thereafter.

Shantytown residents were clearly on tenterhooks. One resident of the second district of "La Bandera" told HOY: "They told us that we were next, that they're waiting for fresh troops to continue in our district. Everyone knows that they're not after criminals or weapons, because the Carabineros in this district know perfectly well who commits the crimes."

In the community of Lo Pardo, where the San Gabriel parish is located, Derry Healy, a 34-year old Irish priest, related a story that is "symptomatic of what was happening elsewhere." On Saturday the 3rd, the parish church was raided by the Carabineros from the 26th Precinct, which is next to the church.

A group of young people had gathered there that day. When they were about to leave, they realized that they were under heavy police surveillance and turned back. At around 2 in the morning the men in uniform jumped the fences and the gates ("We heard them swearing when they fell into some holes that had been dug near the fence to plant trees," Healy told HOY) and arrested seven youths and the priest. They were all released 4 hours later.

On Sunday the 4th, the Catholic vicar of the Western Zone, Olivier D'Argouges, said a mass of atonement in the church that had been raided and pledged to send a letter of protest to Gen Rodolfo Stange, the director general of the Carabineros.

In his sermon D'Argouges quoted the words of Christ: "The peace that I give to you is not the peace that the world offers." He went on to say: "The peace of the authorities is the peace of graveyards, not the peace of Christ based on solidarity."

[Box, p 15]

A Three-Act Denial

"An end to the raids" is what the archbishop of Santiago, Juan Francisco Fresno, called for on Thursday morning, thus reiterating the request that he made privately over the phone to Interior Minister Ricardo Garcia the day before.

Fresno said that the military operations are an assault on the "dignity of the individual and infringe on the rights of the poor." He went on to say emphatically that the manner in which the raids were conducted "instills fear and insecurity in the entire shantytown population, especially the children."

That same day, the minister secretary general of government, Francisco Javier Cuadra, confirmed the phone conversation and asserted that "Monsignor Fresno expressed his concern over the manner in which the operations are being conducted," but "there was no request for an end to the raids."

That night, at the close of a liturgical ceremony on the occasion of World Mass Media Day, the archbishop vigorously denied the statement by the minister secretary general of government: "Mr Cuadra should not twist what I said and not confuse the public further with his statements."

Fresno reiterated that the raids represented "flagrant violations of human rights" and concluded by saying: "If Mr Cuadra does not believe what I am saying, he should ask the interior minister whether I talked about this with him or not."

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CHILE

SOCIALIST LEADER IN EXILE DISCUSSES INTERNAL SITUATION

Santiago ANALISIS in Spanish 13-19 May 86 pp 19-20

[Interview with Dr Manuel Almeyda Medina by Patricia Verdugo; date and place not specified; first six paragraphs are introduction]

[Text] He has been underground since November 1984, when martial law was declared, political leaders were arrested and his house was searched, forcing the then president of the Popular Democratic Movement (MDP), Dr Manuel Almeyda Medina, to go into hiding for his own safety.

Then, the terrifying series of kidnapings, murders and throat-cuttings convinced him to remain firm in his decision, which has obviously prevented him from presenting himself at the Defendants Board to sign his name periodically. Thus, a suspended sentence (at a trial under the State Security Law) became a jail sentence.

"I'm obviously not going to appear before the court so that they can take me prisoner," Dr Almeyda, one of the top leaders of the Socialist Party, told ANALISIS.

The 61-year old physician's life thus changed overnight. It is much calmer now, in a way: "I read a lot, study, write and listen to music. My life is much different from the excessive activism that I was involved in with the MDP, where my work load was so heavy that it was affecting my professional and family life."

Life in the underground imposes major limitations on him: "Not being able to go out, having to stay in hiding, no family life and only having occasional contact through the mail with my loved ones. In this sense, my situation is painful, my life abnormal."

"But there was no other way if I wanted to remain active in politics in my country. My family and I agreed that this was the best way. And one can endure the situation more easily when one has an ideological commitment and is part of a collective struggle that is being waged successfully, with clearly favorable prospects," Almeyda added.

[Question] How does Chile look from the underground?

[Answer] Over the past few months the country has been on a path that clearly offers prospects for change. A clear awareness has been taking shape that unity at every level in indispensable. Because this is the most powerful tool that the country can brandish to put an end to the dictatorship. This is what we proposed in the MDP in 1983, but the other political forces did not understand. But events have shown that we were right.

[Question] Where can you perceive this change?

[Answer] There are many signs of progress in the social and political understanding [concertacion]. There are accords in active sectors, such as women, who have given clear-cut proof of their ability to work together and even to mobilize other sectors. Our women have played a leading role in the struggle against the dictatorship, revealing a political maturity that surpasses that of party leaders.

This has also happened among young people. We must not forget that young people in 11 parties have signed a joint working agreement. We could also mention the National Command of Workers...And there is a dual meaning to all this: a social understanding for a joint struggle and an emerging political understanding.

[Question] The 1985 National Accord excluded the MDP, but the Civilian Assembly of 1986 included it...

[Answer] That's right. This was the biggest recent success for those of us who think that the dictatorship will fall as a result of the joint action of the entire opposition.

[Question] But the political understanding is not that evident. Because although the Catholic Church publicly received the MDP, the PDC [Christian Democratic Party] has not yet held publicly acknowledged talks with either the communists or the MDP as a coalition...

[Answer] I have the feeling that this is changing, to the despair of the dictatorship and the right wing that is supporting it. Because the Civilian Assembly and everything that is being built around it is headed towards an understanding, an accord that goes beyond a joint mobilization.

And I think that when the PDC becomes convinced that no dialogue is possible with the dictatorship, it will grow more open to an understanding with the Left. This seems imminent to me, because the dictator has been very clear and explicit in his refusal.

[Question] But the PDC is talking about a dialogue with the Armed Forces, not with the dictatorship...

[Answer] A dialogue with the Armed Forces is impossible. If there is ever a dialogue with them, it will be because they have already risen up against the dictator.

[Question] So how do you explain the refusal to make a political pact with the Left? Fear of a veto from the Armed Forces or the United States?

[Answer] They are about to produce a change that entails a basic predominance of centrist sectors. And they are afraid that a strong, resolute and intransigent struggle against the dictatorship will yield greater political dividends for the Left, will give it more chances to expand after the dictatorship is gone.

The Center would rather have a solution in which it is the dominant and perhaps even sole actor. By the Center I mean not only the PDC but also the other parties or subparties that the PDC has cultivated to give the impression that the political struggle is broader-based. But this approach is limited to the actual possibility of talks and agreements with the regime. And to the extent that this is not possible, they are agreeing to a dialogue with the Left. It is a process...

[Question] Does the unity that you are seeking entail an accord on involvement in the post-dictatorship government?

[Answer] There are two levels of an accord. The Center does not oppose accords on specific programs for struggling against the dictatorship, that is to say, the social understanding. But it is leery of political accords both to combat the dictatorship and to plan for at least a provisional government.

[Question] An accord on a provisional government was reached when the Democratic Alliance (AD) was founded. And the foundations of a future government were set forth in the National Accord, which basically brought together the AD and part of the Right that supports the regime (MUN [National Unity Movement]). And you were excluded from both of them...

[Answer] That's right...

[Question] What degree of involvement would you demand in the post-dictatorship government in exchange for a united struggle with the Center?

[Answer] What must come about is a planned political accord for sustaining a transition government and coming to terms on how it would be formed. But when all is said and done, it is the Chilean people who must decide who will govern them. So, in our judgment, the sovereign will of the people must be ascertained as promptly as possible, not only with respect to determining the new institutional system through a Constitutional Assembly but also in electing their legitimate representatives and leaders in the legislative and executive branches. This is true democracy.

[Question] Why all these complications then, if the people are going to decide who will govern them later?

[Answer] The fact is that the Center wants to be the heir, which is legitimate. And so do the leftwing parties; they too want to guide the process after the dictatorship. This is legitimate, and so we and they are establishing the forms of struggle that are most favorable. We think that our prescription is the only one possible and the one that enables us to best develop our own forces.

[Question] Now try to understand the view of someone who honestly fears that a democratically elected leftwing government will bring about a repeat of what happened in 1970, when the U.S. Government decided to get rid of it from the outset. Do you think that a leftwing government is viable in Chile?

[Answer] Not only is it viable, it is the only really viable one. And I am assuming that the future democracy has a profound impact on the country's institutions. I'm not talking about replacing the 1980 Constitution with an amended 1925 Constitution. I'm talking about a profound impact on the country's institutions and branches of government, about us being able to change the look and the ideological foundations of the Armed Forces, to replace their commanders in a judicial purge. And there must also be sweeping changes in the Judiciary, to cite another example.

The new democracy must truly make the organized people the hub of political power. It must be real, not just good intentions that are frustrated by the economically powerful outside politics. And I'm not talking about wholesale expropriations or anything of the sort, although I do think that we will have to destroy the financial monopoly and free ourselves from U.S. influence to a great extent. These are not socialist proposals. These are democratic proposals, and I think that most people in the Center agree with them. I think that most of the PDC will agree on establishing a real, thoroughgoing, solid and authentic democracy.

If we are able to establish such a democracy, with an economic policy that gets the entire country involved, we will be able to emerge from the crisis. Let me make this clear: we are not struggling for socialism at the moment. We are struggling for democracy, because the great battle today is between the dictatorship and democracy...

[Question] There are political scientists who for a couple of years now have been contending that the battle between the dictatorship and democracy is just on the surface, because what is really going on, as long as the dictatorship remains in La Moneda, is the battle between capitalism and socialism...

[Answer] Yes, I admit that that conflict is latent.

[Question] I will ask you once more then. Do you think that a leftwing government is viable in Latin America today, with the United States as it is today, with the experience of Nicaragua at present? Is it possible without ending up in another bloodbath for Chile?

[Answer] The only real solution for Chile is the development of a thoroughgoing democracy on the path towards socialism. If this does not occur and if we have a repeat of a centrist option with development-oriented experiments like that of previous governments, some being more populist or more technocratic than others, Chile is not going to surmount its crisis. On the contrary, the frustrated expectations are going to lead to growing polarization, once again with the danger of a reactionary uprising such as the one in 1973. It would be the same bloodstained vicious circle. The only answer is the revolutionary democratic answer, as we call it.

[Question] Does this mean breaking with the United States? Remember that not even Nicaragua has been able to do so, and the government there took power by force of arms, with the danger of reprisals...

[Answer] I think that we can get out of the United States' sphere of direct control, as other countries have. This is possible because we do not have the same geopolitical significance as Nicaragua; we are not just a few miles away...

[Question] Even at a great distance it found Chile intolerable in 1970...

[Answer] That's true. But the fact is that during the UP [Popular Unity] government there was an alliance that went beyond the United States, inasmuch as it included much of the Center in addition to the Chilean right wing. The PDC, in spite of the intransigently democratic factions inside it, forced the situation to the point that a military coup was the only solution.

It was a broad alliance, and we were very much to blame. We did not know how to guide the process along politically and we were equivocal and indecisive. So, for no reason we lost important centrist factions to make possible a progressive, democratic government with prospects for socialism.

[Question] The UP no longer exists. One part of it belongs to the MDP and another to the AD...

[Answer] But look at how relations are being strengthened and understandings achieved in recent days. If we manage to rebuild a strong, united Left, there will be more of a chance for an understanding with the Center, a comprehensive understanding among the entire democratic opposition.

[Question] When the AD was established in 1983, the aim was to create a very strong Center-Left alternative that would break the disastrous three-way stalemate and give the country a stable government. To this end it was important to spur a "renewed" socialism by distancing it from Communist Party predominance. And now you are again proposing a united Left...

[Answer] The AD agenda is not viable. The PDC was emphatic about the AD and thus repudiated the Socialist Party of Chile. Not only did it seek to oust us from the political scene; it also built a Socialist Party that is practically nonexistent, that has a very small space.

It is not clear either what is meant by a "renewal" of the people who claim to be socialists. Because the only possible renewal is to assimilate the experience of the UP and of this dictatorship and to bring in new elements so that our political approach is superior in the future. But a renewal that means backing down from the basic principles of Marxist socialism, no...That is rightwing social democracy.

[Question] And how does General Pinochet look from the underground?

[Answer] He's doing the only thing he can: repress. Because either he represses or he packs his bags and gets his plane ready. He has neither a solution nor a political agenda. And a mounting social mobilization is looming over him. Since he can't even pay the political price of declaring martial law, he's enforcing it de facto.

[Question] And why is the United States changing its policy towards Pinochet?

[Answer] The Americans realize that his days are numbered. Because he will not accept any solution that comes from a dialogue, and because his presence only polarizes the situation, thus heightening the violence and making the "menace" of the Left greater. This is why Pinochet has doomed himself.

8743
CSO: 3348/586

BISHOP RESPONDS TO VALLADARES' ACCUSATION OF CHURCH-STATE TIES

PA250445 Havana International Service in Spanish 2300 GMT 23 May 86

[Commentary read by Felipe Romero]

[Text] A firm statement from the Cuban bishops was subject to a string of insults hurled against the Cuban Catholic Church by poet laureate Armando Valladares in the French newspaper LA CROIX. Valladares was a police officer under the Fulgencio Batista dictatorship. The letter, signed by Bishop Adolfo Rodriguez Herrera, president of the Cuban Episcopal Conference, said that the conference's 61st meeting described Valladares' statements regarding an alleged political link between the local church hierarchy and the Cuban Government as false and offensive, and rejected the insults he hurled at Msgr Carlos Manuel de Cespedes, secretary of the conference, and his ill-intentioned statements regarding a possible visit to Cuba by Pope John Paul II.

The Cuban bishops, the note states, have no intention of responding to those offensive, gratuitious, and false statements, and invite the LA CROIX newsmen to visit Cuba to see the reality of the local Catholic Church.

The Cuban Catholic hierarchy's position cannot be any firmer, especially when dealing with a figure the imperialist press presented as a nonconformist intellectual, physically destroyed in Castro's jails, and whose files present a good many repressive actions against the people. He disappointed the leaders who waited for him in Paris when they saw him emerge from the airplane that took him to the French capital from Havana, because he was healthy and in good shape.

Undoubtedly, his statements fully agree with the campaign that counter-revolutionary elements supported by the North American CIA have carried out against Cuban Christians, especially since the national ecclesiastical meeting in Havana a few months ago. The enemy cannot accept that in Cuba, Christians adopt progressive positions that identify with the revolution's efforts, and that there are open and cooperative relations between the church and state. They are also concerned about Fidel Castro's position in regard to liberation theology as stated in the book "Fidel and Religion" by Dominican Priest Fray Betto, which lessens the differences between Christians and Marxists, and leads them to a strategic unity in the struggle for man's redemption.

/9738
CSO: 3248/473

CUBA

BRIEFS

CLOSER CDR-PNR TIES--The Committees for the Defense of the Revolution [CDR] will attack criminal activities with greater effectiveness by perfecting their system of vigilance and their people's guard force; this conclusion was reached by the CDR members of Granma, Holguin, and Havana provinces, which have completed the assessment process at the municipal level prior to the CDR congress. Among the principal agreements reached are those to forge closer relations with the National Revolutionary Police (PNR), meet planned blood donation goals, and strengthen ideological work. [Text] [Havana Radio Progreso Network in Spanish 1100 GMT 2 Jun 86 FL] /9738

CSO: 3248/473

GUATEMALA

ANDRADE ON FOREIGN DEBT, CENTRAL AMERICAN CRISIS

Guatemala City EL GRAFICO in Spanish 19 Apr 86 p 2

[Text] "The issue of the foreign debt of the Latin American countries must be dealt with in a global context, because it cannot be circumscribed to simplistic solutions based on rigid agreements between creditors and debtors," said Guatemalan Ambassador Fernando Andrade Diaz Duran in his Americas Day speech to the OAS as chairman of the organization's Security Council.

"As we commemorate the Day of the Americas this year," he said, "we evoke the memory of the liberator, Simon Bolivar, the true force behind the inter-American system, who always sought the unity of the peoples of the Americas."

He indicated that in recent months the situation has gotten seriously worse, as the border incidents that have been occurring in Central America could degenerate into widespread military confrontations.

"We are all aware that we need to redouble our efforts to find arrangements for understandings that will enable us to break the current stalemate in the negotiations sponsored by the Contadora Group and the Support Group."

He talked about President Cerezo's proposal to establish a Central American Parliament soon, to which end a meeting has been called in Esquipulas, Guatemala. This forum will be of vital importance in supporting the peace process and the negotiations between governments in the region.

He also touched on the issue of the foreign debt. Terming it a problem for the developing countries in general and our region in particular, he said that it threatens to get out of hand and jeopardize political stability, economic development and social peace in our nations.

He said that the debt problem should not be dealt with in isolation. He stated that the industrialized countries must take a realistic approach and, above all, realize that rescheduling and monetary, fiscal and exchange rate measures by the developing countries are not the only solution. In this regard, there are no infallible answers, as experience has repeatedly shown.

8743
CSO: 3248/434

FIRST LADY PARTICIPATES IN DEMONSTRATIONS

CACIF Targeted

Guatemala City EL GRAFICO in Spanish 22 Apr 86 p 4

[Text] The "understanding" [concertacion] between the private sector and the administration could hit some snags in the wake of the incidents last Friday, when the nation's first lady joined a group of housewives who were protesting the high cost of living and wound up chanting anti-CACIF [Coordinating Committee of Agricultural, Industrial and Financial Associations] slogans.

Analysts have noted that the Economic Recovery Plan that the government has proposed as a solution to Guatemala's economic and social crisis has yet to be approved by the various sectors to which it has been submitted.

However, the same analysts indicate, it is inconsistent for the president to sit down and discuss the pros and cons of the economic package with the private sector, while his wife, the first lady, joins groups that are demonstrating loudly against CACIF and holding it responsible for the high cost of living.

The day before, the president of CACIF, Peter Lamport, questioned by reporters as he was leaving the National Palace, indicated that although no comprehensive agreement had as yet been reached on the Economic and Social Recovery Plan, both the government and the private sector had arrived at partial accords on some of the areas set forth in the "package." He also said that he was confident that an agreement would be reached that would benefit all of the parties involved and that would take the interests of consumers into account.

Other sectors preferred not to voice an opinion on the matter.

Neutrality 'Jeopardized'

Guatemala PRENSA LIBRE in Spanish 21 Apr 86 p 10

[Editorial: "The First Lady and the Demonstration Against CACIF"]

[Text] There was a public demonstration against the high cost of living on Friday, and the main surprise was that Mrs Raquel Blandon de Cerezo, the president's wife, was one of the demonstrators.

Mrs Cerezo had caused other previous surprises, such as when she walked down from her government office and mingled in the Main Square with hundreds of people who just days before had squatted on private lands and whom, in a fit of emotion, she called "my squatters."

She then traveled to Geneva, attended the meeting of a UN agency and, according to reports, got Guatemala taken off the list of governments that violate human rights.

As we can see, she causes one surprise after another.

Nonetheless, last Friday's demonstration, which was presumably organized by an housewives association and whose main purpose was to protest the high cost of basic consumer goods, gave rise to several incidents that should not go unremarked. One is that the protest turned into a mass denunciation of CACIF and one of its main branches: businessmen, who in recent days have been portrayed as the "bad guys" in the movie. And it was precisely outside the building housing the Guatemalan Chamber of Commerce that the demonstration concluded, as the chanting of the anti-CACIF slogans that had characterized the entire march, which began outside the National Palace, grew louder.

The antibusiness rally comes at a time (this is the important thing) when negotiations are under way between the government and CACIF on the Economic and Social Recovery Plan that President Vinicio Cerezo Arevalo is sponsoring. We also know that as of last week CACIF still had its misgivings, especially about the tax on exporters' exchange profits and the planned wage hikes.

The demonstration in question could thus be interpreted as a vehicle for pressuring business to accept the administration's proposal.

It would have been no surprise had the demonstration been organized and staged by a private group such as the Consumer Defense League or a similar association. However, the involvement of a group of government officials, led by the wife of the main negotiator, President Cerezo, could bespeak a lack of neutrality in running certain businesses in which the government is particularly interested. Seen from another angle, a demonstration against the high cost of living should not be aimed solely at businessmen but also at government policy as implemented by the Economy Ministry and, in general, at what some sectors see as a lack of government action to hold down the prices of consumer goods.

We must also not forget that street demonstrations do not resolve problems; they merely create an atmosphere of unrest. The high cost of basic consumer goods can be lowered to appropriate levels only by boosting production. If there is no output, there is no supply, and if there is no supply, prices automatically tend to rise. In other words, the government should emphasize the need to give producers incentives instead of making them targets of the people's wrath and sponsoring street demonstrations, as Mrs Cerezo did.

Let us say in conclusion that the incident takes on particular importance when we bear in mind that the first half of this week has been described as crucial to the negotiations between the government and CACIF, because either there will be an agreement or else each of the parties will be free to act as it sees fit, in which hypothetical case the negotiations would have led to conflict.

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CSO: 3248/433

ARCHBISHOP SUPPORTS CEREZO, REGIONAL SUMMIT

Guatemala City PRENSA LIBRE in Spanish 21 Apr 86 p 4

[Excerpt] "Russia and the United States are using Central America as a testing ground and are not letting us resolve our problems," Monsignor Prospero Penados del Barrio, the archbishop of Guatemala City, said yesterday in discussing the summit meeting among regional presidents set for late May.

He stated that President Cerezo's idea is a very wise one, because it will enable the Central American presidents to agree on solving their own problems without any of the foreign interference that has existed so far.

He went on to say that although we need help from friendly nations "because we are poor, this does not mean that they should use us as testing grounds."

Penados del Barrio said that Esquipulas was chosen as the site of the summit meeting because the borders of three countries converge there and because it is an important town for the Catholic faith.

8743
CSO: 3248/433

GUATEMALA

LEFTIST, RIGHTIST GROUPS STATE POSITIONS

PGT Outlines Crisis

Guatemala City EL GRAFICO in Spanish 3 Apr 86 p 21

[Text] Declaration of the Political Commission of the Central Committee of the Guatemalan Labor Party (PGT)

This past 14 January, the ruling reactionary military clique headed by Gen Oscar Humberto Mejia Victores handed over power to the civilian president-elect, Marco Vinicio Cerezo, the candidate of the Christian Democrat Party. This event is significant in itself and introduces new elements into the situation.

In the past, the "normal thing" was for reactionary military cliques to succeed each other in power, either as a result of electoral impositions or fraud (1970, 1974 and 1978) or through military coups (1963, 1982, 1983). These reactionary governments were both the cause and the effect of their own crisis, which grew more severe as the country's economic situation quickly worsened.

U.S. intervention in 1954 heightened social tensions, and the trend has continued since then. The prevalence of strong-arm responses by the reactionary governments to popular discontent and revolutionary uprising led the ruling reactionary classes, the reactionary top echelon of the military and Yankee imperialism into a dead end that eventually forced them to make some adjustments to remain in power.

In taking a stand on the current situation, the Political Commission of the PGT's Central Committee is also attempting to describe the hallmarks of the present juncture and to spell out the immediate tasks facing us as Guatemalans.

We realize that in the struggle for the interests and demands of the people and in defending the achievements of the masses, the working class, in a close and strong alliance with the peasantry and other working strata, must play the decisive and fundamental role in forging a democratic, patriotic and grassroots front as the instrument of struggle that will mobilize, unite and organize the population and guide its actions and battles for national and social emancipation.

The Institutionalization of the Counterinsurgency Within the Framework of the Prevailing General Crisis in the Country and of Worsening Tensions in the Area

The military government of Mejia Victores was forced to make changes in its policies of repression and terror when the economic, political and social crisis was at its worst, adversely affecting all segments, but hardest and most directly the working people and the other lower-income sectors.

The class struggle in the country had become a serious, head-on confrontation. Its hub was the grassroots revolutionary war. This war was having a direct or indirect impact on all aspects of life and activity in the country. Terror, genocide, a scorched-earth policy and the extermination of the population were the predominant features. In spite of all this, however, the exploiters and oppressors of the people were not and will not be able to defeat the revolutionary, democratic, grassroots movement. On the contrary, in its essentially military phase the counterinsurgency was wearing down, weakening and isolating, nationally and internationally, the reactionary ruling military brass. The worsening of the economic crisis made the situation more difficult for the de facto military government, the reactionaries and imperialism.

In the region, the Sandinist People's Revolution was taking positive and far-reaching steps forward towards its consolidation and a stronger defense. The Salvadoran people were for the most part waging a successful war. The same was the case in Guatemala, at its own level and under very specific conditions. Seen in perspective, the situation in general was favorable for the forces of democracy, independence, progress and peace in the region and unfavorable for the forces of reaction, imperialism, war and intervention.

The ruling reactionary classes and the armies of the region, embroiled in their own conflicts and problems, were having trouble overcoming the crisis. The aggressive interventionism of the American imperialists was worsening the situation in the area, heightening tensions and threatening the security of our peoples. Within this framework, the reactionaries and the imperialists took steps to make sure that their model of domination, exploitation, oppression and dependency would survive.

Starting in 1980, the reactionary classes in Guatemala found it harder to alleviate, much less to resolve the crisis. As of that year, the ruling reactionary military clique and the oligarchy realized that they could not continue to govern the country as they had been. The Yankee imperialists were pressuring them.

At the same time, conflicts arose between the oligarchy and the imposed reactionary military government of Lucas Garcia and the subsequent de facto reactionary military governments; conflicts also arose between segments of the oligarchy. Although these conflicts did not turn them into antagonists, the frictions between the farm export sector and an emerging, modernizing bourgeoisie of industrialists and businessmen would tip the balance of power in the political "opening" and the presidential election towards the Christian Democrats.

Under these circumstances, the presidential elections became the political response by the de facto military government, the oligarchy and U.S. imperialism to the grassroots revolutionary uprising, in a bid to deprive it of a political and social base and to isolate it from the masses. The success of the electoral maneuver must be gauged, therefore, by its objectives, by the conditions under which it was essayed and by the new elements that it has introduced into the situation.

Some Features of Today's Situation

The fact that the elections have been a "success" (in the words of those who benefited from them) and that the Christian Democrats won more than a million votes in the second round of balloting (8 December 1985) are two of the new elements in today's situation. Nevertheless, the hallmark of the new situation is that the country has an elected civilian government headed by the Christian Democrats and supported by the dominant top echelon of the military, the ruling reactionary classes and imperialism. Another feature is that the counterinsurgency is, after a fashion, reinforcing itself, even if only temporarily. Moreover, the change has created expectations both here and around the world. None of this can be ignored or underestimated. It would be a serious mistake to do so.

In any event, the expectations that the change has aroused are not the decisive, fundamental factor at the moment. The new situation is, for the most part and temporarily as well, favorable to the Christian Democrat government, but at the same time it could wind up becoming a source of difficulties and problems.

To properly assess the present situation we must also bear the following in mind:

1) The outcome of the presidential election (3 November and 8 December 1985) reflected a desire for change on the part of the majority of voters (the middle class and lower-income segments) who went to the polls. The heavy abstention and the many blank ballots are also significant, both as an expression of opposition to the process and with respect to the system's ability to involve more citizens in the elections.

2) The returns show that the Far Right as a whole and each of its components are a small, isolated minority. The vote was also a clear rejection of the governments of the reactionary military cliques. Moreover, the Center-Right is taking shape as the number two force at the polls.

3) The Christian Democrat government basically represents the interests of a capitalist sector that has regrouped around an emerging, modernizing bourgeoisie in commerce and industry that is restrictively development-oriented as a sector of government. It will not be easy for them to neutralize the most reactionary elements of the farm-export sector. "From its

barracks" the dominant top echelon of the military is the power behind the civilian government.

4) The opposition to the Christian Democrat government ranges from the Center-Right to the Far Right. It is facing the armed revolutionary movement and the masses. Depending on how it proceeds, it could retain the backing of the constituency that voted for it, win over new supporters, lose others, neutralize some or have to confront the masses. It has the support of the Social Democrats (PSD) and the PNR [National Renewal Party].

5) The limited redistribution of power that the counterinsurgency makes possible is not bringing about major economic and political changes; it is, however, leading to some political adjustments aimed at dampening the confrontation between classes and alleviating the frictions within the ruling classes. In the economic arena, as we said before, it favors the emergence of a modernizing segment of the industrial and commercial bourgeoisie versus the most reactionary elements of the farm-export sector.

Thus, the options open to the Christian Democrat government at present are:

1. Struggle for the sweeping changes that the country needs and that would have to begin with an end to all forms of counterinsurgent repression and terror and with the punishment of those responsible for the murder and disappearance of our fellow countrymen.

2. Keep the promises it made during the election campaign; it can do this a) without the counterinsurgency, or b) in conjunction with and as a continuation of the counterinsurgency.

3) Continue the counterinsurgency without any changes, softening of stance or reforms.

The first option is fully in keeping with the grassroots revolutionary proposal for the present juncture. Furthermore, it is the most deeply felt, wideranging, democratic, unified demand of the masses. The second option is in keeping with the nature, interests and program of the Christian Democrats. We will have to see whether they can do without the counterinsurgency. The third approach would be a maneuver by the most reactionary segments of the military's top echelon, the farm-export oligarchy and the ruling party, with the backing of American imperialism, to lay the groundwork for taking complete control of the machinery of government as the grassroots mass movement expands and the revolutionary armed struggle makes headway.

Only the Mobilization and the Struggle of the Masses Can Insure Real Democracy and Well-Being for the People

Under current conditions our people must realize clearly that in the struggle for democracy, freedom, social justice, progress and independent development for the country, they can rely only on their own forces,

The point is that through their own struggle the masses will gradually open up the political spaces in which democracy can be practiced and defended and the right to life respected, in which people can eat and live in peace and free from anxiety, in which the country can move forward and in which no one will take advantage of the hunger, poverty and defenselessness of the masses to satisfy their petty longings for power and wealth by subjecting the people to an inhuman and unjust social system.

Our people's long hard years of struggle and the wealth of international experience have taught us that it is within the masses themselves and in the thick of their struggle that a real government alternative can and eventually will be developed to establish a democratic regime in the country, enabling peace and social justice to prevail and the people to move forward along with road of progress, development and well-being until they achieve their full national and social emancipation.

The current complex situation makes possible and demands the broadest consensus and democratic, grassroots unity, in the form of a mass front that will bring together in the struggle the most diverse segments around shared goals and the most deeply felt and immediate demands. For the moment, our demands are the following:

1. Wideranging democracy and freedom of organization, expression and grassroots rallies;

2. An end to all forms of counterinsurgent repression and terror in the countryside and the city, respect for life and human rights;

3. Crimes and cases of missing persons must be solved, and the military and civilian personnel responsible must be punished;

4. A substantial improvement of the population's living and working conditions and health-care and educational facilities;

5. Full independence and defense of national sovereignty, and

6. Peace in Central America, respect for the right of self-determination and opposition to U.S. intervention in the area.

The sweeping changes that the country needs to emerge from backwardness, hunger, poverty, oppression, exploitation and all forms of discrimination, dependence and foreign domination are the most deeply felt, democratic, universal, grassroots demands at the present moment.

On behalf of the party of Guatemalan Communists, the Political Commission of the Central Committee calls on all the people to unite and fight for their most deeply felt, immediate demands and, in the thick of such action, to develop their own broad-based, representative and unified instrument of organization and mobilization to defend their achievements and make sure that the sweeping changes that the country needs are carried out as part of the great battle for national and social emancipation.

Long live democratic, patriotic, revolutionary, grassroots unity. No to continued counterinsurgent repression and terror. May justice be meted out to the military and civilian personnel responsible for the murder and disappearance of so many of our fellow countrymen. Only the struggle of the people can insure that the sweeping changes that the country needs are carried out.

For Guatemala, the Revolution and Socialism!

Political Commission of the Central Committee of the PGT
Guatemala City, 20 January 1986

Opponents Reply

Guatemala City EL GRAFICO in Spanish 6 Apr 86 p 6

[Text] A new clandestine organization that calls itself "The Right" has sent EL GRAFICO a response to the PGT declaration that this paper published last Thursday.

EL GRAFICO agreed to publish the group's response not as a result of the serious threats made against us but because of our firm conviction that in a democracy all sectors are entitled to voice their opinions.

An underground terrorist organization that all Guatemalans are familiar with because of its criminal behavior and constant attempts to violently impose a totalitarian regime in our country, deserves no "right of reply." Why? Because a democratic nation and government cannot regard an outlawed group as a legitimate participant in talks unless it were to lay down its arms, renounce Marxism, take up its civil responsibility to the hundreds of orphans and widows that it has created in society and show a willingness to resume the sort of productive, honorable life that all well-bred Guatemalans are leading. Nevertheless, if such a terrorist group is now being accorded the privilege of offering a response, it is not because of its "merits" or because it is being given any sort of high profile; rather, it is simply necessary to defend the nation's interests, which are none other than peace, progress and freedom.

In the Name of Democracy

1. Bearing in mind that most people to whom the Communist Party's declaration is supposedly addressed do not understand all of the phraseology used once again by those who claim to have been born amid or to have close ties with the lower-income classes, we are wording this response in the simplest language possible so that everyone will grasp what the Communist Party wants to deliberately hide from the people as part of its strategy.

2. Freedom of expression is naturally unrestricted under a democratic government, and a country's problems can even be analyzed from a simplistic Marxist perspective. However, in a free and democratic nation like Guatemala neither Marxism nor communism will succeed in taking power by force.

3. Neither integrity nor morality can be expected of a terrorist group. Thus, it is no surprise that such groups never acknowledge that they are to blame for "terror and genocide." This does not mean, however, that the people have

forgotten the names of the soldiers massacred in cowardly ambushes, of the policemen slain only for their weapons, of innocent children who perished in hospital incubators after electric power sources were sabotaged, of kidnaped businessmen whom these criminals murdered before collecting millions in ransom money, of Indians riddled with bullets, tortured or exiled simply because they refused to cooperate in their inhuman plans. All of this, which the Communist Party calls the "revolutionary, democratic process," the people reject and condemn en masse, because they can steal and have stolen, because they can lie and have lied and because they can kill and have killed, but above all because they will never make people believe, not even by lying over and over again, that a democracy can be built on a foundation of crime or that robbery and extortion can reactivate an economy that is crisis-ridden because of the criminal activities of those who claim to be the champions of the masses.

4. We do not know whether the Communist Party has mistakenly or intentionally asserted that now is the time to establish the Patriotic and Popular Democratic Front, supposedly to defend the masses. This is unquestionably a betrayal of the people and the groups that in good faith and through legal channels are calling for higher salaries or better living conditions. Most peace-loving, hardworking people are undoubtedly opposed to the Communist Party taking the liberty of saying that it will be in charge of their struggle. It is one thing to demand better living conditions; it is another to be used to further the interests of a terrorist group that as elsewhere in the world only avails itself of the masses to reach power and then exploits and oppresses them without any consideration whatsoever. We need only cite the example of our neighbors that have fallen prey to communism.

5. The "right of reply" must be granted by the people of Guatemala because they are the party that has been offended and assaulted by the interests of Marxism, because they are not anonymous, clandestine or illegal like the Communist Party, and because a majority of the Guatemalan people oppose and are prepared to combat communism wherever it may be usurping individual freedoms and, of course in the case of Guatemala, our free, sovereign and independent homeland.

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SCHLOTTER OUTLINES LONG-RANGE GOALS

Guatemala City PRENSA LIBRE in Spanish 16 Apr 86 p 16

[Text] The new Development Ministry, which formally began its activities yesterday, intends to organize all of the country's needy communities, both rural and urban, it was reported at a press conference chaired by Minister Rene de Leon Schlotter in the banquet hall at the National Palace.

Also attending the session were the deputy minister, Miguel von Hoegen; the director of financial cooperation, Enrique Betancourt; the press secretary, Julio Santos, and the undersecretary of information, journalist Antonio Argueta Guerra.

Minister De Leon stated that one of the goals is to organize all of the communities into development committees so that they themselves can undertake the projects they need. He added that his ministry would not require that large a budget because it would only serve as a coordinator.

It is now operating on a budget of 1.4 million quetzales and has created only 46 new posts. It hopes to train 1,200 development promoters for rural areas and 400 for urban areas.

He noted that the projects on tap include the building of local roads, health care centers, schools, etc. An arrangement will be sought to enable the organized communities to work on these projects; they will be paid for their work in the form of foodstuffs.

Talks are being held at the moment with the International Agency for Development in a bid for a donation of almost 2 million quetzales.

Efforts are also under way to secure an $18 million loan from the Italian Government and 60 million marks from the German Government.

All of this money will be used for development projects in the interior, especially in villages and hamlets. The program will also be aimed at residents of underprivileged urban areas.

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VILLANUEVA DEL CAMPO ON APRA PARTY PLENUM

Lima EL NACIONAL in Spanish 14 Apr 86 p 7

[Text] The Aprista Party of Peru still has not nominated its candidates for the municipal elections to be held this coming November. It has only heard the suggestions from the base level, to the effect that "neither an opportunist, nor a sectarian, nor an upstart" should be allowed to run for the municipal council post in question, Senator Armando Villanueva del Campo, who is secretary general of the APRA, said yesterday.

"Fortunately, we did not deal in specific names," Armando Villanueva said when he reported on the 27th Expanded Plenary Session which occupied his party for almost all of yesterday. The session was attended by the president of the republic, Dr Alan Garcia, ministers of state and Aprista parliamentarians.

The plenary session also took up the adaptation of the PAP to its new status in government, after having been in the opposition for almost 60 years, with persecution and imprisonment of its leaders for many decades.

To questions from newsmen, Armando Villanueva said that at the "working meeting" held yesterday, the suggestions of the base levels about the qualifications for candidacy in the elections which will be held on the second Sunday in November were heard.

He emphasized that the precandidates will be duly qualified by their own committees, after personal evaluations, and it will then be these committees which will nominate them. This always controversial subject was taken up both during the morning hours and in the afternoon, after an adjournment for refreshment.

Villanueva also said that the date on which the candidates for the mayoral posts in the provinces and districts throughout the country will be designated is still not known, but in no case will any candidate be "either an opportunist, or a sectarian, or an upstart."

On the subject of the municipal elections, the current prefect of Lima, Jorge del Castillo, a virtually certain Aprista candidate for the Lima City Council, said that he still considers himself "a precandidate," has had many supporters within his party, and is awaiting the party decision on the matter.

Party Adaptation

Another matter discussed yesterday had to do with the organizational apparatus of the PAP, which after 60 years in the opposition must assume a new role in ruling the destiny of the country, veteran leader Villanueva said.

The APRA is not static , but is dialectic and dynamic, he stressed, and we must then perfect the party organization and adapt it to the our times without abandoning the principles of the Manual and Intellectual Workers Front forged by Haya de la Torre, or continental unity and the other Aprista postulates.

Among the future changes planned, he announced that the cadres will be renewed, without further explanation as to how, why or who will be affected. Also, he said that during the plenary session, reports were requested on the conduct of the provincial and local leaders, as well as some officials.

However, he did not want to go into detail about these evaluations, nor did he say what conclusions were reached after the reports in question were received.

This Aprista event was concluded last night by the secretary general himself. It was attended during the morning hours by the president of the republic, who took his place as a "APRA soldier" and made a "magnificent statement," Senator Villanueva told us. In his report to the plenary session, Alan Garcia reasserted the need to adapt the party to the present times, without neglecting the party line. First Vice President of the Republic and President of the Senate Luis Alberto Sanchez said for his part that the session was "positive," adding that all of the delegates expressed their opinions democratically. He also set forth some self-criticism of the work being done in the APRA in the government a year after its election.

Today marks the first anniversary of the first Aprista triumph in our republican history, won by a broad margin over the rival party which placed second. The Apristas are preparing to celebrate the anniversary with a meeting in their party premises and, as Senator Villanueva said, by implementing the agreements approved at the plenary session last night.

The 27th Plenary Session of the Aprista Party, which began at about 9:30 am and ended between 7 and 8 pm, emphasized the important and active participation of women, who have been making a great effort to play their role in the political life of the country, in party decisions.

This aspect was also emphasized by the secretary general of the group, Armando Villanueva, who voiced his pride at belonging to a party which has "a high level of participation" by women within it.

It should be noted that President Alan Garcia himself, at a meeting of APRA women, promised that there would be at least one woman in his cabinet this year. There is speculation that eputy Mercedes Cabanillas might be appointed to the education post.

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PERU

CHAMBER OF DEPUTIES HEAD ON VARIOUS ISSUES

Lima EL NACIONAL in Spanish 27 Apr 86 pp 6-7

[Interview with Fernando Leon de Vivero; date and place not given]

[Text] Fernando Leon de Vivero, the product of a traditional Pisco family who is nearing the age of 80 and has become the doyen of the deputies currently in office, with 46 uninterrupted years of service in the legislature, will be the new president of the Chamber of Deputies. This is a post in which he hopes to consolidate the advances made thus far in the sessions of the present parliament with an Aprista majority.

Neither the prolonged periods of political persecution nor his confinement in prison on several occasions has changed or altered the jovial nature of the man who is regarded as one of the principal historic leaders of the Aprista Party, in which he had occasion to serve as secretary general during the particularly difficult periods following the Aprista schism subsequent to the 23rd National Congress in Trujillo.

[Question] How did Dr Leon de Vivero view the decision of the Aprista parliamentary cell to nominate you for the presidency of the Chamber of Deputies, with which your election is taken for granted?

[Answer] I am surprised by and very grateful for this decision on the part of my comrades. This does me honor, and I hope I can respond honorably to it.

[Question] It is said that your nomination and that of Armando Villanueva del Campo to the Senate means that the "hard-line" faction among the Apristas has come to dominate in the parliament. What do you think of this assessment?

[Answer] These are interpretations to which those who make them are entitled. We are veteran Apristas and in public office, we act in accordance with the party line and not on the basis of our personal consciences.

[Question] Although the president of the republic announced earlier that a woman would be the next president of the Chamber, this could be interpreted to mean that in the end, someone who was entitled to the post you will occupy beginning in June has been excluded. Don't you think so?

[Answer] There has been no exclusion of any kind. The 107 deputies in the Aprista parliamentary cell are worthy candidates. And with even more reason, where our lady comrades in the party are concerned.

[Question] Specifically, what do you see as the meaning of your designation as the next president of the Chamber of Deputies?

[Answer] This represents a generous attitude toward us both (including Armando Villanueva del Campo). This is simply what the decision of my comrades was. I see no other reason.

[Question] We have learned that this will be the fourth time you will serve as president of the Chamber of Deputies. Isn't that so?

[Answer] It will be the fourth time indeed that my comrades have elected me. Earlier I served as president of the young Chamber in 1945-46, and again in 1947-48 and 1963-64. On this occasion, we will work with the current regulations or the new ones approved in the Chamber. We will promulgate laws. We will soon have a year of experience, during which we have learned a good deal, and the citizens are expecting us to be productive following this necessary apprenticeship. There are capable, intelligent and responsible people in this cell, and I believe that the citizens will be satisfied.

[Question] Experienced parliamentarian that you are, how do you believe the national parliament should function?

[Answer] The parliament is always the parliament. Since we are in the government, we must always support the executive branch in the actions which are good and just. But if there are actions which do not correspond to our expectations, there is nothing wrong in criticizing them. This is the purpose of the parliament. Otherwise, we would be superfluous.

[Question] What comments might you make about the fact that after always being a parliamentary opposition force, the APRA is now a government majority party?

[Answer] I believe that we have done well. Perhaps the country expected more laws. But in any case, they will come, you can be certain of it.

The fact is one cannot hurry in the legislature. There must be contemplation, the interests of the country must be weighed, and then, with objectivity and prudence in all respects, the problems will be resolved. The parliament also serves as an escape valve. The opposition has the duty and the right to express itself and to criticize the government. In our situation now, we have the duty to defend the government when it lacks legitimacy and seeks to profit from certain situations which commonly occur.

[Question] The APRA has always said that the parliament is the leading branch of the state. Do you continue to think so, now that the APRA controls the executive branch?

[Answer] I maintain, following in the footsteps of Haya de la Torre, of Francisco de Paula Gonzalez Vigil, and a soldier who was no great friend of the parliament, Ramon Castilla, that the parliament is the leading branch of the state. In addition, it is necessary to be worthy of this branch. But it is not just because my party controls the executive branch now that I would seek to reject this doctrinary position. I would never do that. I believe that the parliament was, is and always will be the leading state power.

[Question] Concerning parliamentary work, what laws do you think should be promulgated as soon as possible?

[Answer] The laws governing job stability and leases, as well as others which have already been announced and which will in any case come up. But these two laws I have mentioned are necessary and should be approved any moment now.

[Question] What is your opinion of the strike movements affecting the country now, Deputy Leon de Vivero?

[Answer] With the honesty which is mine and which is known to you, I must tell you that a certain opposition sector has played this card and is still continuing to do so.

[Question] And what is your view as president of the Commission on National Defense and Domestic Order about the terrorist phenomenon?

[Answer] Violence is the result not only of cumulative social or economic factors, but also of the history of violence we have had and which is becoming more acute. Violence in this country does not date back a matter of days or hours, but to the whole of our history. Violence has sometimes involved individual or collective actions, but we will win the battle against violence. It is a question of time and patience.

[Question] Do you believe that a wise procedure is being used in the battle against subversion?

[Answer] Yes, the battle is being waged properly. It is a question of time. We are going to win the battle. These car bombs are being used to justify the donations madeto subversive groups by certain foreign bodies. The fact is that often those bodies subsidizing subversion do not hear about these campaigns of violence. This aid is explained by the fact that they want these deeds to awaken interest and the even exaggerated publicity about terrorism in the country.

[Question] Where do you think this economic aid is coming from?

[Answer] It comes from various fronts. Collections are taken up in Sweden, France and the United States to aid the subversive movements in Peru. I understand that the government is taking steps and will seek to offset this action.

[Question] If you were asked to state briefly how you will do your work as the head of the Chamber of Deputies, how would you answer?

[Answer] By working and living together with you journalists, who are the best critics and who have always stood by me in the difficult periods of the civic battle.

[Question] A personal question--doesn't tobacco affect you, since you are a heavy smoker?

[Answer] Well, I smoke a pipe because one does not inhale, and not so much harm is done. Previously I did smoke a good many black tobacco cigarettes. I did this long before General Juan Velasco Alvarado.

[Question] What can you tell us about your political battles--the reverses and bitterness they may have brought into your life?

[Answer] I have been in all of the prisons in Lima many times, from the Fourth Commissariat to the El Sexto prison. I have also served in El Fronton, the Lima Penitentiary and the jail (Panoptico). But the struggle continues and must be continued.

[Question] What is your position on the police attacks on parliamentarians during the recent gathering at the tomb of Amauta Jose Carlos Mariategui? Was the principle of parliamentary immunity violated?

[Answer] If the reports are true, the attitude of the police was reprehensible. In defense of the police, one must ask if the parliamentarians acted on the basis of attitudes deliberately promoted for this occasion. But in any case, I defend the parliamentarians.

[Question] Do you approve of choosing the Aprista candidates in internal elections?

[Answer] Party votes are cast in unity, above any differences which may exist. We may have our internal disagreements, but in the end, once a certain attitude is approved, we support the decision. This is very important in a revolutionary party. If it were not for this, we would become a petit bourgeois party, which might even have guerrilla fighters within it. With our attitude, we keep party discipline on a high level.

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PERU

BRIEFS

GREATER LIMA TRAIN--Argentina will provide Peru with a part of the capital needed for the construction of the much-vaunted electrical train, which will resolve the transportation problem in Greater Lima. According to diplomatic sources, President Garcia will suggest to his Argentine counterpart that the unutilized balance of $100 million out of a credit line of $300 million made available to Argentina in 1981 be used to finance the transportation project. Another use to which this credit will be put will involve foodstuffs, in order partially to resolve the serious shortage facing the country. In the goods-exchange sector, compensated trade plans will be discussed. Peru will offer Argentina iron, copper, lead, silver, zinc, cotton thread, alpaca wool and other textile products for which there is great demand. In the nuclear sector, an effort will be made to reactivate construction of a reactor for peaceful uses. In recent years, the trade balance between the two nations has shown a surplus favoring Peru. [Text] [Lima EL NACIONAL in Spanish 13 Mar 86 p 3] 5157

NATIONAL BANK MOVE--In an unprecedented development, the Bank of the Nation will move from Javier Prado Avenue to Arequipa Avenue. It will occupy the previously untenanted building owned by the Sur Medio Callao Bank, which it purchased from its former owner. And what will be done with the building which served as the Ministry of Fisheries and is now occupied by the leading state bank? Will it go back to Mr Palomino? No. The Presidency of the Republic and also the Ministry of the Presidency will be installed there. However, it is also possible that it will be adapted to serve as the new anthropological museum. [Text] [Lima EL COMERCIO in Spanish 4 May 86 p A-4] 5157

LAND TITLES--In connection with the authority of the municipalities, the mayor of Lima, Dr Alfonso Barrantes, asked the central government yesterday to turn over 5,000 property titles to residents of the population settlements in Villa El Salvador, in the Southern Cone. He said that the central and municipal governments were elected to serve, and not to be served, and that each has its specific functions. And, he emphasized, these decisions which emanate from the people must be implemented. Barrantes also turned over 1,000 property titles to settlers in Canto Grande and parameter plans showing property lines and plot locations to four settlements in Pampas de San Juan de Miraflores. The mayor of the capital city emphasized the collective decision made in Villa El Salvador to put the whole of what is collected on the basis of selfvaluation into the building of a local school, with the metropolitan council promising to contribute 200,000 intis for the purchase of furnishings. He then went on to congratulate Villa El Salvador on the occasion of the 15th anniversary of its establishment. [Text] [Lima EL COMERCIO in Spanish 4 May 86 p A-5] 5157

AIR, SPACE LAW COURSE--Thirty-one air force lawyers took the First Course in Air and Space Law offered by the training command of the FAP. The classes, which began in November of last year and totaled 110 hours, were held in the premises of the Basic and Advanced Training School (ESCAP). There are plans for a second course to be offered for professionals in the legal field interested in the air and space sectors. [Text] [Lima EL COMERCIO in Spanish 3 May 86 p A-8] 5157

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TRADE OBJECTIVES REEXAMINED PRIOR TO IMPENDING GATT TALKS

Meeting in Punta del Este

Montevideo BUSQUEDA in Spanish 18 Apr 86 p 16

[Article by Efrain Mannise]

[Excerpts] The committee in charge of preparing a new round of multilateral trade negotiations (NCM) under the auspices of the General Agreement on Trade and Tariffs (GATT) decided on Wednesday 16 April to hold a meeting in Punta del Este to launch the negotiations. It will convene delegations at the ministerial level from the 90 signatory nations to deliberate between 13 and 20 September. Any event of this type would be very important, but this occasion is regarded as especially significant because of the problems that have plagued international trade and the opposing positions developing and industrialized countries have staked out regarding the solutions.

Opposing Positions

This new round of GATT talks, which will probably continue indefinitely at the organization's headquarters in Geneva, will be launched in September at Punta del Este. The trade ministers of the 90 member states will attend the meeting with large delegations of advisers and experts. In addition, delegations will be sent by Morocco, Costa Rica, and Mexico (which now have observer status and are in the process of joining), and hundreds of officials and journalists will be present. The organizers estimate that some 2,000 people will be in attendance altogether.

The meeting is guaranteed to be a spectacle, given the important policy decisions that will have to be made regarding world trade.

Once the United States made the initial proposal, it became clear that there were profound differences of opinion.

The United States, which is supported in general terms by all the industrialized countries, wants total freedom of trade in services (banks, insurance, trasnportation, etc.) and advanced technology. It is also calling for measures against the pirating of trademarks.

From the standpoint of the developing countries, these decisions are disturbing for the following reasons:

--Liberalizing trade in services means that the same standards would be applied as for the trade of goods, and foreign companies (banks, insurance, transportation, etc.) would be given the same treatment as national ones. Developing countries fear the greater power of these foreign firms.

--The developing countries are apprehensive about the transfer of high technology, fearing that the new standards could deny them access to such technology or put them at a disadvantage in competing for it.

--Finally, with respect to the forgery of trademarked goods, there is fear that international legislation in this regard would merely impose a new type of barrier to trade. They prefer the improvement of the World Intellectual Property Organization (WIPO), a United Nations agency.

The Preparatory Committee is holding sessions to discuss the formulation of the various draft resolutions, and should send its conclusions to the contracting parties by July. The latter, in turn, will analyze the proposals and define the positions they will take at the Punta del Este meeting.

Commenting on the significance of the conference, Foreign Minister Enrique Iglesias stated that it will probably be "the most important since GATT was created," given that it may result in "the design of the rules that will govern international trade in the coming decades."

The minister emphasized proposals that aim "to liberalize trade and curb protectionism. That is certainly very important for the health of the international economic system."

With regard to Punta del Este as the site of the conference, he praised the decision, indicating that "what we and the other developing countries have asserted means that the legitimate aspirations of such countries are now taken into account in the formation of this new commercial and economic order that we are trying to build."

"And this is happening for the first time in a developing country," he emphasized.

He pointed out that it will take place in the context of a crisis in which "the factors that now inhibit trade, such as increasing protectionism, are well known." Often it turns into "a veritable trade war," he noted.

Developing Countries' Proposals

Montevideo CRONICAS ECONOMICAS in Spanish 21-28 Apr 86 p 4

[Text] Uruguay will host a historic GATT Negotiating Round, the first to be held outside the developed countries and probably the last to be held this decade. The meeting will take place from 15 to 19 September, and approximately 90 ministers of state, 1,000 delegates, and no fewer than 400 observers, bankers, and journalists will participate in it.

The confirmation of Uruguay as the the site of the GATT conference was revealed by the Preparatory Committee which is meeting in Brussels. Efforts began immediately to prepare Punta del Este to host the meeting.

Importance of GATT

The General Agreement on Trade and Tariffs (GATT) is the broadest multilateral treaty in existence today. It lays down the norms that regulate international trade.

This is the principal framework for negotiations to reduce tariffs and all other measures to liberalize the trade relations between the developed, market-economy countries and many of the so-called developing countries. More than 100 countries are signatories of this treaty.

Punta del Este, the place selected to receive some 3,000 people, of whom 1,500 will be delegates of the member states, will be the focus of worldwide attention for 5 days.

Expectations are centering on the North-South dialogue, touching on a theme of common interest: the establishment of a new international trade order.

Confrontation of Positions

In recent times, the confrontation between the industrialized countries and the nations of the Third World has sharpened, especially since the former applied protectionist measures to products coming from developing countries.

The industrialized countries are expected to try to insert the issue of services in the agenda of the Punta del Este meeting. The term services refers to an infinite range of possibilities, from tourism, transportation, financial services, banking, and informatics, to high technology.

But this search for a space for this topic is rejected out of hand by the developing countries, given that if the position of the "rich countries" were accepted, tourism, banking, and informatics would be installed in our nations. This would result in a jarring displacement, primarily due to our inability to absorb the technological shock and to the clash with local interests.

Seeking New Markets

The developing countries, however, are not only hopeful that they can prevent the services issue from being considered, at least partially; but they also intend to include on the agenda the possibility of gaining access for our agricultural products to the markets of the industrialized countries within the framework of the liberal policy, specifically by doing away with the protectionist preferential systems.

For this purpose, several summit conferences are expected to be held among the rising nations (the first is to take place in Seoul) in order to firm up their positions in anticipation of the Punta del Este meeting.

Foreign Minister's View

Commenting on the importance of this meeting, Foreign Minister Enrique Iglesias pointed out that "this meeting is very significant," and recalled that "the GATT negotiating rounds are the most important event." "Multilateral negotiations" are a tradition, he noted, citing the so-called "Kennedy Round and the Tokyo Round." Therefore, he stated, if this "Punta del Este Round" succeeds, "it will certainly be the most important one since GATT was founded."

With regard to the objectives of this meeting, the minister of foreign relations said that one of them is "the design of the rules that will govern international trade in the coming decades." He emphasized, consequently, that "the central purpose is to liberalize trade and to curb protectionism. This is certainly very important for the health of the international economic system," he emphasized.

Three Candidates

Three countries were in the running to host this major conference: Canada, which had proposed the city of Montreal; Belgium, which had proposed Brussels; and Uruguay, which offered Punta del Este.

Last February a delegate from GATT came to inspect our principal beach resort, and he recommended that the committee accept this site.

The GATT meetings will be held primarily at the Hotel Casino San Rafael, and the other hotels will be readied to accomodate all the delegations that will arrive.

Major Opportunity

Montevideo CRONICAS ECONOMICAS in Spanish 21-28 Apr 86 p 2

[Text] In 5 months, our country will face an opportunity that it cannot under any circumstances afford to pass up. Now that Punta del Este has been confirmed as the site of the new round of multilateral negotiations under the auspices of GATT, a decision which was made after the summit meeting in Bonn, it is well to recall that this will be the eighth such conference in 40 years, and the first to be held in a developing country. Of the seven previous rounds, four were in Geneva (1947, 1956, 1960/1, 1964/7), one in Annecy, France (1949), one in Torquay, England (1951), and the last and most famous was the Tokyo Round that began with the ministerial meeting in Japan in late 1973 and ended in 1979. The most ambitious agreements formulated in over three decades emerged from the latter series of meetings. Among other documents, the Code of Subsidies and Compensatory Duties was born there. When countries faced the dilemma of whether or not to adhere to this code, very few did so at first. Our country, which at the time was being led by the economic team under Valentin Arismendi, agreed on 31 December 1979 to eliminate all interest rate subsidies, and all direct and indirect subsidies on non-traditional goods, leaving them to "fend for themselves." This hasty move, which may have had some supporters at the time, has turned out to be totally disastrous for the resurgence of the export sector as a leader in the economic recovery. It is worth emphasizing that this agreement, which still exists a year after the inauguration of our democratic government, states that "all of this has been resolved unilaterally by believing in a given economic policy and without asking the industrialized countries to make reciprocal concessions." In the annals of trade agreements, it is difficult to find evidence of a more arrogant lack of foundation, of vision, and of negotiating experience.

As we approach this round of multilateral negotiations, it is essential that we stake out a very clear position with regard not only to the renegotiation of that commitment, which obviously was absolutely impossible to meet, but also to the important issues that will be on the agenda, especially the treatment of services. Including services in the sphere of GATT, an idea which was originally proposed by Japan and has recently been boosted by the United States since it discovered that the engine of its economic recovery lay in the tertiary sector and that the major service companies were the largest purchasers of high technology goods, has some very important underlying implications for Uruguay.

It seems to us that what is urgently needed—and we have already written emphatically about this matter—is the formulation of a definite idea of the Uruguay we want for the next 20 or 30 years. This is especially important when we face events of this nature, and the possibility of making commitments that can have a very significant impact on us. We must never repeat what happened in Geneva on 31 December 1979. Let us review the situation:

--Our country's economy has evolved from the development of the primary sector early this century to industrialization, first to replace imports and then for export; and then to the financial adventure of the past decade. The only thing that remains is to jump on the new service sector bandwagon.

--The liberalization trend that is now being touted by the United States is a front for the implicit development of the sectors that produce the sophisticated high-technology equipment which only the developed countries supply in large quantities.

--In our country, many of the principal services whose liberalization is being promoted at these events are privileged sectors and have been for a long time. They are direct state monopolies. Telecommunications, insurance, telephones, and air transport are basic areas of the state economy.

The round of multilateral negotiations at Punta del Este offers us a great opportunity to rethink the major problems of our economy, and provides us with a chance to have our proposals heard in another form. This small country without much bargaining power is now going to host an important international gathering. Let us not waste this opportunity; let us not make arrogant, impetuous commitments with no reciprocity. Let us insist on the consideration of the other major problems that affect the world economy, such as indebtedness and financial costs, non-tariff barriers, and other elements of trade protectionism. Above all, let us ensure that the event hosted by our country is not a great declaration of principles and aspirations alone; rather, it should lay the groundwork for a less expressive but more real and effective change in international economic relations.

Textile Seminar

Montevideo BUSQUEDA in Spanish 24 Apr 86 p 20

[Text] Since last Tuesday 22 April, a seminar on textile negotiations within the GATT framework has been going on. The seminar has been organized by the Foreign Trade Office of the Economy Ministry and the Ministry of Foreign Relations. It is being sponsored by the Association of Textile Industries of Uruguay, the Chamber of the Clothing Industry, Uruguayan industrial Point, and the Union of Exporters of Uruguay.

Sanjoy K. Bagchi, GATT technical adviser on textiles, is presiding over the discussions, with the participation of businessmen and experts associated with this sector.

The seminar was opened by Director of Foreign Trade Isidoro Hodara, who stressed the importance international textile norms have for Uruguay, particularly the Multifiber Agreement. He recalled that in 1985, "30 percent of this country's exports were related to textiles. This entailed sales abroad amounting to $260 million," he reported, emphasizing that "of that total, $200 million corresponded to categories that were included in the Mutlifiber Agreement."

The seminar will end on Friday, with Secretary General Adolfo Castells of the Ministry of Foreign Relations giving the closing speech.

Overview of Current Textile Trade Situation

Montevideo BUSQUEDA in Spanish 28 Apr-5 May 86 p 8

[Commentary by Julio A. Franco]

[Text] Preparing for his visit to our country in September, last week a high-ranking official of the GATT Secretariat was in Montevideo. Mr Sanjoy Bagchi, technical consultant on textiles, gave a 4-day seminar on Textile Negotiations within the GATT Framework. Organized by the official agencies of our country and sponsored by the private sectors involved, the seminar was attended by many businessmen, professionals, public officials, and students. The initial topic was the future of the international textile and clothing trade, and those present were privy to a direct, authorized report on the current status of prenegotiations on whether or not to extend the Miltifiber Agreement. In this regard, it should be recalled that the third edition of this agreement is due to expire on 30 June, and once again its enforcement has satisfied neither developed nor developing countries. The basic objectives of this pact, which is an exception to GATT regulations on the liberalization of world trade, are "the expansion of trade, the reduction of obstacles to that trade, and the progressive liberalization of the worldwide trade of textile products." Nevertheless, in over a decade the agreement has in practice turned out to be a mere catalogue of restrictions that the developed countries, especially the United States, are imposing with increasing virulence.

When the extension was negotiated 5 years ago, developing countries for the first time in the history of multilateral forums presented a common front. This enabled them to better defend their interests, which were threatened by the already rising tide of protectionism. Since that time, these countries have held various meetings, the most recent one in China in March 1986. In the interim, a textile office has been opened to provide permanent support for these countries in their negotiations. The office has temporary headquarters in Geneva, but it will have to move to another canton in Switzerland because it has not been able to obtain authorization to remain in Geneva, given the excessive number of organizations already present in that city. On this occasion, however, it appears that it has not managed to reach full agreement on its positions, and today three options are being studied among developing countries: one, championed by Brazil and India, accepts the liberalization only if all existing barriers, restrictions and regulations are permanently dismantled; another would accept the extension on the condition that a progressive liberalization, less strict than the previous one, be implemented; and the third position advocates returning to the initial Multifiber Agreement without the conditions imposed by the two extension protocols, which contain most of the restrictive measures now in use.

Meanwhile, the United States, beset by the internal pressures exerted on Congress by the textile lobby in search of more protectionism, in contrast to the White House position of maintaining the current policy, is leaning toward an extension that would keep the present restrictions. In Washington, at the same time, officials are impatiently awaiting the results from Geneva. On 6 August, Congress intends to review President Reagan's veto of the Jenkins bill which provides for additional restrictions on textile imports.

The European Economic Community (EEC), on the other hand, is going for the middle road, extending the agreement but allowing a progressive liberalization, especially for small suppliers and for lesser developed countries. This position is in keeping with the policy that has traditionally been pursued in the EEC.

Since early April the Textile Committee has been holding meetings in Geneva. It hopes to conclude its discussions by 30 June, but it appears not to have made too much progress. The next official meeting is scheduled for the first days of June. Meanwhile, informal meetings and working groups will continue throughout May in hopes of finding some common ground.

The range of proposed alternatives and the developed countries' interest in extending the liberalization to other areas (services and high technology), which will reportedly be proposed at the GATT meeting to be held in our country in September, mean that all this formal and informal prenegotiations activity takes on vital importance for the interests involved. We believe that our country, given its strong presence in the textile trade, should not remain aloof from what is going on. At present our interests are represented by an official who is accredited to that organization. It is extremely important that we delve further into the matter through the interministerial working group that has studied these issues on other occasions, with the participation of the private sectors involved. The key date for the negotiations is fast approaching, and we must act soon.

It should be recalled that under the plan now being scrutinized, our country's exports of fabrics to Canada, fabrics and tops to the EEC, and fabrics and clothing to the United States, are restricted. Trade worth over $100 million is at stake here, so it would be well worth our while to devote the necessary effort and material and human resources to defend our interests better.

Agricultural Countries Coordinate Policies

Montevideo BUSQUEDA in Spanish 30 Apr 86 p 18

[Text] As of press time, delegations from Argentina, Australia, Brazil, New Zealand and Uruguay were putting the final touches on a declaration in which they take a stand on agricultural production in anticipation of the upcoming round of GATT negotiations. The high-level representatives deliberated for 2 days in Montevideo, at a meeting called by Uruguay. There they reached agreements on positions and strategies to follow during the negotiations, which will begin in our country in September.

The lengthy document for the first time sets forth the position of five agricultural countries in the temperate zone of the Southern Hemisphere, regarding the treatment that should be accorded farm products in international trade.

In essence, the countries contend that for these agricultural categories, a return to multilateral trade should be fostered, rather than the present bilateralism. They also advocate the removal of all existing obstacles so that new negotiations can be effective. They also intend to include in the GATT discussions a comprehensive analysis of export subsidy policies, focusing on the distortions they cause in international markets and prices.

The positions will be jointly supported by the five countries in the upcoming preparatory activities for the GATT meeting. The deliberations were chaired by the director general of economic affairs of the Foreign Ministry, Carlos Perez del Castillo, who told BUSQUEDA that additional coordinating meetings may be held prior to the general negotiations under the auspices of GATT.

Subsidies and Protectionism Scored

Montevideo CRONICAS ECONOMICAS in Spanish 5-12 May 86 p 4

[Text] The five agricultural countries that met in our capital last Monday and Tuesday for the purpose of evaluating the present and future outlook for international trade in the farm products of the temperate zone agreed on the need to acquire bargaining power to achieve the liberalization of the market in the next round of GATT negotiations. The talks are scheduled to be held in Montevideo in mid-September.

After 2 days of deliberations, experts from Argentina, Australia, Brazil, New Zealand, and Uruguay rejected the protectionism practiced by the European Economic Community (EEC) and the United States, and emphasized that "the cost of adjusting internal measures is being borne unjustly by the efficient producers."

The "high-level" meeting, promoted by our country, was opened by Acting Minister of Agriculture and Fishing Pedro Bonino, and was chaired by Ambassador Carlos Perez del Castillo, director general of economic affairs at the Ministry of Foreign Relations.

The participating countries declared in a document that "the increasingly common use of bilateral actions and measures" is what is causing "the severe deterioration of the principles and norms that goven the multilateral trade system."

"Protectionism and Unfair Trade"

The "high-level" officials conveyed to other politicians in their countries their concern about "the serious consequences of the spread of protectionist tendencies and unfair trade practices, which lie at the root of the violent structural changes that have taken place in the past decade in international agricultural production and trade."

The five countries spent the 2 days studying "the harmful consequences" of the protectionism practiced by the EEC and the negative impact of the Food Security Act recently passed by the United States.

This situation led some experts to assert that "there is a trade war between the United States and the EEC," and the consequence is the fall in farm prices to unprecedented levels.

During the meeting it was noted that the United States will invest $25 billion this year to subsidize its farm exports.

A similar amount of investment is expected for 1987, and $1 billion in preferential credit lines will be extended to farmers.

In expressing their alarm about excess production in the EEC, subsidies, and the U.S. law, the experts stressed that in the New Round of GATT Negotiations, which will take place at Punta del Este, Uruguay, in the second half of September, "top priority should be given to agriculture."

The five countries that met in Montevideo agreed that "trade in farm products should follow the same principles that govern international economic relations among the contracting parties of GATT."

According to the "high-level" officials of the five temperate zone countries, "the success of the New Round of Negotiations will depend on whether fair treatment is accorded and concrete results are obtained in the agricultural sphere."

Some of those present recalled that international agricultural trade "was dealt with only tangentially at the Tokyo Round."

It was understood that the preferential objective of future negotiations should be the liberalization and expansion of commerce in all its forms.

It was also emphasized that the negotiations should also be oriented toward "the progressive elimination, as soon as possible, of export subsidies and other practices of unfair competition that distort trade by displacing our countries from their traditional markets and causing a drop in prices to unprecedented levels."

The proposed point of departure was a Ministerial Declaration as a "formal commitment by the contracting parties" to "ensure a real liberalization of the trade in farm prodoucts."

Furthermore, the officials from the five countries expressed the need to obtain the support of other producing nations which "share their positions" on the initiatives "to liberalize and improve the terms of trade for farm products."

Perez del Castillo: Uruguay in GATT Negotiations if Subsidies Eliminated

The participation of Argentina, Australia, Brazil, New Zealand, and Uruguay in the Round of GATT Negotiations next September will be on the condition that a prior commitment is made, with clearly defined terms, to halt protectionism and gradually dismantle it, and to correct the policy of subsidizing farm exports, explained the director general of economic affairs at our Foreign Ministry, Ambassador Carlos Perez del Castillo. The diplomat, who chaired the meeting of the five countries, said that agriculture has been treated as an isolated case in previous GATT rounds. He indicated that "each country subsidizes its farm exports any way it wants to. This happens in industrialized countries that can afford to subsidize. Domestic support policies have also been ignored by GATT rules, and this has distorted the world market so severely that those who were importing countries 10 years ago--like the EEC--have become the second-highest exporters in the world."

Farm Protectionism Denounced

Montevideo LA DEMOCRACIA in Spanish 9 May 86 p 7

[Text] Uruguay levied serious charges of protectionism against the European Economic Community and the United States at the recent meeting of agricultural countries of the Southern Hemisphere, held in Montevideo.

At the gathering, Argentina, Brazil, Australia, New Zealand, and Uruguay stressed the need for this matter to be discussed at the GATT meeting that is scheduled for next September in Uruguay.

The main points of the report to be presented by our country, which will be prepared by our Foreign Ministry and has not yet been made public, state the following:

Since the early 1980s we have been witnessing a serious deterioration in the principles and norms that govern international trade. Governments have reacted to the critical worldwide economic recession by resorting to policies and measures that have worked together to shake the foundations of the multilateral trade system.

The international trade of farm products has been among the most seriously damaged sectors. Throughout the years, total worldwide trade in this sphere has continued to decline in relative terms. Whereas it represented nearly 18 percent of all trade at the beginning of the 1970s, it now accounts for just 12 percent.

Perhaps the most important event to take place during this period was the dramatic change in the structure and pattern of agricultural trade. Inefficient farmers have benefited from subsidies and price support policies, to the detriment of efficient farmers. Thus, the commercial position traditionally held by the latter has been turned upside down.

The European Economic Community is the most outstanding example of this. It has ceased to be one of the largest importers of the agricultural products of the temperate zone, to become the second-largest exporter in the world.

Current Problems

There are a number of serious problems that the farmers of the temperate zone will have to face just to regain (much less surpass) the position they have been losing gradually in recent years. Among the most important are these:

1. The significant increase in protectionist activities, which translates into a proliferation of tariff and non-tariff barriers to trade across borders. It has been complemented by an expansion of cumbersome programs to support agricultural producers in various developed countries.

2. The terms of access have been increasingly threatened both by the direct impact of barriers and by the indirect effect of unfair trade practices used by some foreign competitors. In particular, the increase in the use of subsidized credits for export not only displaces efficient producers from the traditional markets, but also depresses world prices to unprecedented levels.

3. The dramatic collapse in the prices of commodities and the gloomy prospects for a significant recovery, at least in the short term.

4. The contraction of the world market. The fall in demand as a result of the worldwide economic recession has been sustained by the weak economic recovery in the countries of the Organization for Economic Cooperation and Development (OECD) and the increase in competition among agricultural countries.

5. Chronic worldwide surpluses in certain commodities.

6. Changes in consumer habits.

7. The impact of technological changes and the increased competition of substitute products.

8. The enforcement of stricter sanitary regulations in world trade.

9. The upward trend in administered trade. The proliferation of bilateral agreements between countries, including barter agreements.

10. Wide fluctuations in exchange rates, and their repercussions on domestic policies.

11. High interest rates, and their impact on the financing of commodity inventories.

12. The decline in investment programs in the farm sector.

13. The significant rise in the freight costs for commodities.

14. The collapse of the majority of international commodity agreements and the stagnation and loss of confidence in international cooperation at the level of the commodity trade between producing and consuming nations.

For Latin American agricultural nations in the temperate zone, this situation has been aggravated by the severe limitations imposed by the servicing of their tremendous foreign debts, and the significant internal adjustment process that their economies had to undergo in recent years to overcome the domestic difficulties generated by the need to achieve a current account surplus and meet their debt service obligations so that they could gain access to the additional international financing they needed so urgently for their economic development.

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"It was a surprise attack in which the chief of the DISIP brigade was wounded.

"These guerrillas were armed and uniformed, and had been given guerrilla training. The government did what it had to do, and we assume complete responsibility for the action."

When the interior minister was asked about drug traffickers and their ties with Venezuelan groups, Dr Octavio Lepage said:

"That is very likely, and I am saying that very truthfully. We do not yet have sufficient evidence here in Venezuela that a permanent, organic link has been established between the drug traffickers and those remaining guerrillas. We are on top of this situation, and we are determined to prevent any similar connection from being established in Venezuela. We must remain very vigilant, because that is the trend, given what is going on in Colombia and Peru."

Another matter discussed in this remote interview conducted with the interior minister in his office was unemployment, and the possibility of providing jobs for 100 percent of Venezuelans.

Freedom of Expression

Referring to the freedom of expression, Minister Lepage stated that all these cases of alleged attacks on the freedom of expression cannot be blamed on the government.

He added that in the famous case of Rodolfo Schmidt, Schmidt must be extremely grateful to the judge who handed down the ruling. He was regarded as a kind of national hero for several weeks. The magistrate may have been mistaken in his ruling, but the legal system provides for the remedy or correction of unfair or erroneous rulings by judges.

He added that the sentence came about as a result of an action attempted by a deputy of the Movement of the Revolutionary Left (MIR), the former president of the Federation of University Centers, Eduardo Semtei. "The government played no role in that whatsoever, either directly or indirectly," he asserted.

"All other cases cited as attempts against the freedom of expression," continued Minister Lepage, "are unique cases. What do we have to do with the fact that the owners of that communications complex made up of Channel 2, Radio Caracas, and EL DIARIO DE CARACAS decided to suspend the "Primer Plano" [Front Page] program, or to expel Granier from the vice-presidency of the EL DIARIO DE CARACAS Board of Directors? That is a decision they made, and the government did not impose it on them. Tomorrow they may resume "Primer Plano" or name Granier a director of EL DIARIO, if that's what they want. Everyone wants to blame everything on the government here. I am certain," he stated, "that the debate which is to begin tomorrow will clear everything up. We, too--and I mean government officials and the men who run the government party without being members of the government--have to be more combative, more decisive, more determined to face up to these absurd accusations. Because they are repeated so often, they impress people.

The Debt

Afterwards he cited the example of the refinancing, saying it is the best thing that has been done. Venezuela had been discredited internationally, which affected the government and also all Venezuelans. An importer or industrialist who needed to buy machinery had to pay in cash, because being a Venezuelan, he was automatically assumed to be a bad risk.

"Well, that debt fell due between 1984, 1985 and 1986," said Minister Lepage, "a huge debt that we would not have been able to pay. And we managed to reschedule the debt to be paid off in 12 years, with better terms. The opposition, however, especially COPEI, which contracted the debt and made the mistake--after all, the threat to the country lies in the debt and not the refinancing, as we have tried to convince the public--COPEI still has the audacity, the gall to launch a campaign to convince people that we are to blame for the debt.

"We have to learn to defend ourselves more vigorously, with more political bravery. We cannot allow ourselves to be backed into a corner, because someone who is acting properly for the benefit of the country, as we have been doing in the government at all times since we took office in February 1984, should not be backed into a corner."

Cliques

The cliques in Venezuela are the key factor in the artificial rise in the cost of living, and so far the cliques are running rampant. This means that until now they have been more powerful than the government. I hope that this government, which has shown great courage at all times, will continue to confront the cliques. It should do so gradually, however, because this is the only marketing system that exists in Venezuela. The other one that was created precisely to control speculation, Corpomercadeo, unfortunately became a repugnant den of corruption. But that battle will have to be fought, little by little.

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FISCAL SURPLUS, MONETARY POLICY DURING FIRST TRIMESTER VIEWED

Caracas EL UNIVERSAL in Spanish 20 May 86 p 2-2

[Article by Alan Lugo G.]

[Text] During the first 3 months of the year, the central government's fiscal efforts yielded a surplus of 2.499 billion bolivares, which brought treasury reserves to a total of 21.91 billion bolivares. Of that amount, only 14.852 billion bolivares is available in the Central Bank.

The most recent figures released by the Central Bank of Venezuela (BCV) in its quarterly bulletin indicate that this surplus came about because the government's revenues were affected only partially by the income substitution declaration submitted by the national petroleum industry in the middle of February, and due to the implementation of the new exchange rate for that industry's external transactions.

Another explanation for the treasury surplus achieved by the central government has to do with the delays in the execution of budgeted spending, primarily in connection with the 1985 Additional Investment Plan, other spending scheduled last year (remaining credit), and the postponement of some payments that were supposed to be made to service the public foreign debt.

Going into more detail, fiscal revenues fell by 12.7 percent from the previous quarter's figure, because practically no special revenues were collected. At the same time, ordinary revenues from non-petroleum activities declined.

On the other hand, the revenues derived from the petroleum sector rose by 2.59 billion bolivares because of the modification of the oil sector exchange rate for fiscal 1986 (from 5.9923 to 7.4925 bolivares to the U.S. dollar). In addition, the government share in petroleum royalties rose (from 2.3718 to 3.6700 USA % bolivares). These two factors partly made up for the adverse effect the oil market had on fiscal variables.

The decline in ordinary revenues from domestic sources (2.395 billion bolivares) was due to the fact that the increases stemming from the income tax on non-petroleum activities were not enough to offset the slump in profits on exchange transactions.

Spending fell by 10.561 billion bolivares (30.7 percent) during the period in question. This drop below the spending figure for the previous quarter was primarily attributed to the postponement of payments associated with investment programs.

Monetary Policy

The monetary policy developed by the Central Bank during the first quarter of the year continued its expansive orientation, aimed at stimulating an economic recovery by boosting domestic aggregate demand.

In this regard, the flexible credit policy toward the commercial banks was maintained by means of rediscount operations and advance payments. Moreover, special direct financial assistance programs continued for the banking institutions operating on the mortgage credit market. This was complemented with investments in these intermediaries' bonds by the Exchange Compensation Fund.

As for open market transactions, the actions of the Central Bank were aimed primarily at responding to the higher demand for public securities. It placed the bonds in its portfolio on the Securities Exchange, which moderated the upward pressure on the prices of these securities that was seen in January.

Through the rediscount and advance payment mechanism, the Central Bank extended loans amounting to 2.94 billion bolivares to the banking sector. Of those loans, 68.7 percent corresponded to commercial banks, 16.5 percent to mortgage banks, 9.5 percent to finance companies, and 5.4 percent to special banks and the National Coffee Fund.

This credit assistance was counteracted, however, by the payments made by the financial institutions during the quarter, particularly the commercial banks.

With regard to the programs designed to help financial institutions operating on the long term, especially in the case of mortgage banks, mortgage bonds were purchased through the Securities Exchange in the amount of 3 million bolivares.

In addition, the program of partially renewing advance payments to the Central Mortgage Bank was continued. These payments were guaranteed with savings certificates. Moreover, the repurchase of mortgage bonds by this subsystem from the Central Bank was suspended.

Credit assistance to savings and loan institutions was also maintained through the renewal of certificates of deposit issued by the National Savings and Loan Bank (BANAP). As for FOGADE, the BCV gave that organization an advance payment of 1 billion bolivares; FOGADE continued to channel resources into the banking system, providing a total of 262 million bolivares in financial assistance during the quarter.

As a selective measure, the BCV Board of Directors decided in January to approve rediscount operations with the Export Financing Fund through securities generated by export transactions involving capital goods and projects.

In February, the BCV Board of Directors authorized the institute to issue up to 6 billion bolivares in bonds, which will enable it to make its operations on the open market more flexible.

During the first quarter of the year, a deficit of $308 million was also recorded in exchange movement, which brought international reserves down to $13.442 billion.

This was due to the fall in foreign oil prices, although the full impact of this decline was not felt because the slump in the petroleum market has not yet been felt completely on the exchange market, and because of the reduction of outlays for interest on the public debt, as a result of falling interest rates on international financial markets during the quarter.

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FISCAL DEFICIT EXPECTED TO REACH 20 BILLION BOLIVARES IN 1987

Caracas EL DIARIO DE CARACAS in Spanish 10 May 86 p 25

[Article by Nadia F. Badra]

[Text] The administration predicts that the budget deficit will exceed 20 billion bolivares by next year, assuming that the average price of a barrel of oil remains at $15 and that spending stays at the same level as 1986.

By this June, the Central Budget Office (OCEPRE) will submit to the National Congress the most important features of the 1987 Budget Act.

The economic projections OCEPRE is using to draft this document are based on the assumption that the economic situation will remain the same, in terms of revenues and spending.

Even if it does, the fiscal gap will amount to 20 billion bolivares, and the administration will have to adopt the necessary political and economic measures to cover the deficit. It is the same as the one projected for 1986.

The budget deficit for 1986, however, will be covered by using treasury reserves. By next year these reserves will have been used up, so measures will have to be taken to increase domestic and foreign revenues. It will be difficult to reduce spending below the current level without affecting the functioning of the government apparatus.

Among the alternatives which are being considered by experts and which will be submitted to the administration for its consideration at the appropriate time, are the creation of new taxes, the devaluation of the bolivar, and the reduction of the government's contributions to the decentralized agencies.

Treasury Reserves

Treasury reserves amount to 19.413 billion bolivares at this time, of which 9.429 billion corresponds to cash to be paid out.

To cover part of the 1986 budget deficit, 8.175 billion bolivares will be taken out of the reserves, so they will have shrunk to 1.809 billion bolivares by January 1987.

This will be a disadvantage next year when it comes time to look for ways of covering the budget deficit, since just half of that total, about 900 million bolivares, can be used for that purpose. The rest will have to remain as a minimum reserve.

1986 Deficit

The fiscal impact of the decline in oil revenues is 20 billion bolivares. Fiscal revenues from petroleum are now expected to total 46.715 billion bolivares. The Budget Act called for this income to total 66.029 billion.

Finance Minister Manuel Azpurua said at the National Congress this week that the budget deficit will amount to 15 billion bolivares, however.

The other 5 billion will be offest by the surplus in domestic revenues obtained this year. These surpluses total 300 million from customs duties, 3.25 billion from the increase in gasoline prices (of which only 1.5 billion will be used to finance the budget deficit), and 3.3 billion from additional exchange earnings by the Central Bank as a result of the rise of the dollar on the free market.

The remaining 15 billion bolivares of the budget deficit will be covered with more than 8 billion in treasury reserves, 966 million in contributions by the executive to the Venezuelan Investment Fund (FIV), 266 million in contributions by the executive to Social Security for public employees, and whatever savings result from paying the principal on the foreign debt and the lower interest rates due to the drop in the Libor rate. The latter factor is expected to yield 5.925 billion bolivares in savings.

The executive's contribution to the FIV will decline by about 1 billion bolivares because by law it is supposed to equal 5 percent of fiscal revenues derived from petroleum.

The Constitutional Fixed Payment, that is, the executive's contribution to the decentralized administration, should also drop by 1.89 billion bolivares, because it is supposed to equal 15 percent of fiscal revenues in the budget. The national government decided to keep it at 16 billion bolivares, however, as the Budget Act had provided.

1986 Income and Spending

According to the 1986 Budget Act, total spending for this year should be 125.58 billion bolivares, including some 13 billion from the 3-Year Plan and 2.7 billion from additional loans.

This level of spending will be maintained, and the deficit will be financed as described above, even though only 96.401 billion bolivares in revenues will be brought in. Of that total, 46.715 billion bolivares corresponds to the petroleum sector, and 49.686 billion to domestic revenues.

The 3-Year Plan, as the finance minister explained, will be financed with extra-budgetary reserves, such as external loans and national bonds.

Foreign and Domestic Debt

If the price of oil remains at an average of $15 throughout 1986, Venezuela will be able to make the initial payment of $750 million (4.3 billion bolivares) on its foreign debt.

If the average drops below $13 per barrel, however, it will be difficult to meet that obligation, and the payment will have to be negotiated with the creditor banks under the contingency clause of the pacts. The government has already resorted to that.

The initial payment of the foreign debt is included in the 9 billion bolivares of treasury reserves as "cash to be paid out."

As we have seen, however, if oil prices drop below $15, there will be no more reserves to use, so the payment of the $750 million is not so assured.

The way things are now, it appears that the budget deficit can be financed in 1986. The question remains for the following year, when there will be two disadvantages with respect to 1986: the treasury reserves will not be so large, and the payment of the foreign and domestic debts through budgetary means will amount to 40 billion bolivares, 12 billion more than what was paid this year.

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END

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Latin America Report

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SOUTH AFRICAN MILITARY PACT WITH AREA COUNTRIES REVEALED

Buenos Aires LA RAZON in Spanish 3 May 86 p 7

[Interview with UCR Deputy Guillermo Tello Rosas, by Atilio Bleta; date and location unspecified]

[Text] Deputy Guillermo Tello Rosas (UCR [Radical Civil Union]-Capital) disclosed a military pact between the South African Government, Chile, and Paraguay, and the backing that the international financial system is providing to "the racist regime in Pretoria." In this interview, granted to LA RAZON, he gave a reminder that he had made this same disclosure in a lecture which he delivered at the United Nations on 21 April.

[Question] What arguments do you have to claim the existence of a military pact between South Africa, Paraguay, and Chile?

[Answer] On 16 March, the South African defense minister, Adrian Volk, arrived in Asuncion, Paraguay, from Santiago, Chile. The tour was aimed at arms sales and, from the reports that I have, things are progressing very well. These dictatorships in Chile and Paraguay, which are an affront to the Latin American people and to the democratic conscience of the whole world, do not hesitate to establish a common front with the South African racists.

[Question] Does this alliance affect Argentina?

[Answer] Democracy has an unsuspected vitality in our country, and I don't think that there are risks of geopolitical traps if there is no imperialist power supporting such a rash attempt. The people of Chile, Paraguay and, of course, South Africa are still running the risk.

[Question] Is South Africa pursuing other interests in South America?

[Answer] It obviously wants to break its international isolation; but what is dangerous is the attempt to export its elitist model of society.

[Question] What do you mean?

[Answer] The rulers of South Africa have gone so far as to claim that they have a period of time for exporting white farmers from South Africa and what was once Rhodesia, and Namibia to certain American countries, to be interpreted as Paraguay and Chile. We are witnessing a major effort, with assistance from certain Western powers, to foster the international transfer of racism. This represents a very serious threat to the future of Latin America.

[Question] Your charge is also serious.

[Answer] South Africa would topple like a chocolate tower if it did not have the support, primarily from the United States, and the complicity of other European nations which benefit from the commercial exchange. Gold can do anything.

[Question] Do you agree with the Argentine Government's position on South Africa?

[Answer] Foreign Minister Caputo claimed that it was necessary to isolate the Pretoria regime, and condemned the violation of human rights that this regime maintains as a permanent policy.

[Question] Why don't you explain what is going on in South Africa today?

[Answer] In South Africa, 4.5 million whites exercise a total dictatorship over 21 million blacks and 2.5 million halfbreeds, as well as a million Asians. The whites own 87 percent of the land, while 70 percent of the total South African population is concentrated on the remaining 13 percent of the land, unable ever to procure titles to ownership of the land on which they live. Furthermore, black families can be separated, moved from the site of their residence, often violently, and deprived of their nationality. Racial segregation is imposed by force.

[Question] Why do the whites have to segregate the blacks?

[Answer] The better to exploit them. The economic exploitation and slavery to which the majority of the population is subjected is justified ideologically by the color of their skin. It seems incredible, but it is that simple, cruel, and inhuman.

[Question] How does South Africa manage to successfully resist the international appeals to eliminate "apartheid"?

[Answer] All the pleas have been in vain. During June 1980, the United Nations Security Council unanimously passed Resolution 473, calling for the elimination of the "apartheid" system as soon as possible and the granting of equal rights to all citizens. On that occasion, the Security Council asked the regime to release all political prisoners, and first of all, Nelson Mandela. But it proved fruitless, because the United States, Great Britain, and other European countries back South Africa; especially Ronald Reagan, who believes that, in this way, the region is being protected from communism. At the present time, there are 284 companies of that country, including the most powerful in their respective fields, operating in South Africa and earning large amounts of money. They have made direct investments amounting to $2.3 billion but, adding the value of their shares of stock in other local companies, and that of their loans, the figure totals $15 billion. There is another irrefutable fact: South Africa produces 759 tons of gold per year (over 75 percent of the worldwide demand), and 7.5 million karats of diamonds per year. This is the reason for the survival of such an atrocious regime.

[Question] Does the rapprochement between South Africa, Chile, and Paraguay have other manifestations, besides the military pact that you have charged?

[Answer] For the present, no. They are obviously seeking mutual protection. Time is running against the dictators in Chile and Paraguay, and South Africa will not be able to do anything to hold back the struggle of those peoples. Nor will it be able to do so with the increasing struggle of the blacks and of increasing numbers of South African whites. It is a matter of time and struggle. I hope that the charge which we made in the United Nations and which I am repeating through this medium will help in the campaign against Pretoria. Neither Pinochet nor Stroessner will want do have much to do with South Africa if there is an uproar and publicity. They are dictators, but not fools.

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CARIBBEAN BANK CONFERENCE IN CARACAS

BL151724 Bridgetown CANA in English 1343 GMT 15 May 86

[Text] Caracas, 14 May, CANA-REUTER--Caribbean Development Bank (CDB) President William Demas told member nations today they must diversify their economies or risk losing the social gains of the past 25 years.

Speaking at the opening of the bank's annual Board of Governors meeting, Demas said the increase in the standard of living in the region since 1960 was threatened by the current economic stagnation.

We should not be deceived into thinking we are firmly set on the road to self-sustaining economic development for our economies remain very fragile and vulnerable to internal and external shocks, Demas told representatives of the bank's 23 member countries.

The CDBS annual report, released at the meeting, showed regional economies as a whole suffered a slowdown in 1985, with some growth in tourism on the smaller islands.

Demas told delegates productivity must be improved in the agricultural, manufacturing and service sectors in order to achieve long-term development.

Hector Hurtado, president of the Venezuelan Investment Fund (VIF) who chaired the meeting, said that without stable growth, developing countries risk a decline in the standard of living of their people which could only lead to an inevitable social instability and pressure.

CDB members meeting here today and tomorrow were expected to discuss how to obtain financing for development.

Many of the capital access doors which were open to members are now being painfully shut, and the bank is being called on to replace them, Prime Minister Lynden Pindling of Bahamas, one of the five heads of state attending, said.

However, while the bank's total resources grew from 548 million dollars in 1984 to 580 million last year, net loan approvals were 33.3 million dollars, the lowest since 1978.

The CDB is seeking ways of raising more capital, but subscriptions from contributing regional countries, Venezuela, Mexico and Colombia, are not expected to increase.

Venezuelan President Jaime Lusinchi, who addressed the opening session, said, I feel obliged to say that Venezuela's possibilities of carrying on an important financial cooperation have been drastically reduced.

Since joining the bank in 1973, Venezuela has contributed 55 million dollars to the CDB through different funds.

However, Lusinchi said, Venezuela is willing to explore new forms of cooperation in line with realities.

Pindling told delegates the logical step would be to seek greater contributions from non-regional members, of which there are now three: Britain, Canada and France. On the agenda for the 2-day meeting, which ends tomorrow, are membership applications from Italy and Puerto Rico.

Caribbean states, however, have voiced concern over losing a majority of membership on the bank's Board of Governors and in shareholding.

/12232
CSO: 3300/83

ARGENTINE, BRAZILIAN TRADE TALKS REPORTEDLY UNSUCCESSFUL

Buenos Aires LA RAZON in Spanish 8 May 86 p 18

[Text] Yesterday, sources from the Secretariat of Industry and Foreign Trade indicated that the mission just completed by the head of that department in Brazil, in an attempt to straighten out the bilateral trade relations, which have traditionally been unfavorable for our country, brought poor results.

In 1985, the trade with Brazil had a negative balance for Argentina amounting to $150 million, according to INDEC [National Institute of Statistics and Census]. According to the Brazilian technical agency in charge of keeping statistics on foreign trade, on the other hand, our country's deficit amounted to only $40 million.

Apart from the disparities, it is agreed that, during 1984, the trade balance was negative for Argentina by $325 million in American currency.

During the 5-year period between 1980 and 1984, the trade balance results with Brazil proved negative for our country by an average of $277 million.

The head of the Secretariat of Industry and Foreign Trade, Roberto Lavagna, sought from the Brazilian authorities some solution to the problem caused for our exports to that country by the Financial Operations Tax (IOF), so as to lessen its impact on the prices of Argentine products sold on that market. The aforementioned tax (IOF) levies a 25 percent tax on the purchase of foreign currency with which to pay for the imports from Argentina of products not negotiated in the ALADI [Latin American Integration Association], and a 20 percent tax on those which have been so negotiated.

The IOF, which actually operates as an import tariff, is significantly higher than the Argentine tariffs for products imported from Brazil, amounting to 10 percent.

Another issue of concern in the offices on Diagonal Norte is the mixture of items involved in the bilateral trade, whereby exports to Brazil are mainly primary products, whereas most of the imports are mnuafactured goods. In this regard, there was proposed the implementation of a system of exchange compensated for by groups of products combined in accordance with their value added.

Other than a few agreements to be carried out in the primary products sector, the Argentine delegation returned from its trip without any concrete results. The Brazilian authorities (it was learned) only offered Lavagna the presentation of a supply of Argentine products at "competitive" prices, to study the possibility of evening up the exchange.

In the Secretariat of Industry and Foreign Trade, they are not optimistic about the possibility of surmounting the trade imbalance with Brazil over the short term, owing to the hesitation with which the Argentine secretary was received.

2909
CSO: 3348/591

ARGENTINA, BOLIVIA SET JOINT ROAD PROJECT IN MOTION

Santa Cruz EL TIEMPO in Spanish 7 May 86 p 10

[Text] The Bolivian-Argentine Chamber of Commerce has decided to head a promotion campaign to increase the awareness of the authorities and the community as a whole regarding the need for carrying out the Santa Cruz-Yacuiba road project.

The information was provided to our morning paper by the head of the Bolivian-Argentine Chamber of Commerce, Mr Mario Barbery Siaroni, who announced that the campaign would be promoted through the news media, which will be asked for their cooperation for this purpose.

The director noted that the execution of this highway route has assumed vital importance for the country's integration and its economic development.

Following the paving of this highway route, it will be possible to heighten our trade relations with the Argentine Republic and, most especially, exports of products originating in the region, which are of interest to that market.

Among them he listed agricultural and agro-industrial products, as well as industrial products.

He said that fresh and canned fruit, grain, and lumber would be some of the varied products that could reach the Argentine market with greater emphasis.

He stressed that when the production, in this instance, that of food and lumber as well, exceeds what is needed for domestic consumption, consideration must be given to exporting, affording opportunities for it and suitable facilities for transporting the products.

Barbery said: "It is time for us to seek new frontiers for marketing our production surpluses," stressing that the institution which he heads will call upon the regional institutions to procure the necessary backing to make this campaign a success.

He remarked, in an obvious reference to CORDECRUZ [Santa Cruz Development Corporation]: "In particular, there will be an attempt to alert those agencies which are equipped to finance the project.

"It is estimated (he said) that the project will require a total sum of $500 million."

The territorial expanse existing between Santa Cruz and Yacuiba is approximately 530 kilometers.

2909
CSO: 3348/591

BRIEFS

ANTIGUA-VENEZUELA COOPERATION AGREEMENT--St Johns, Antigua, 21 May CANA--Venezuela is to finance road, water and other infrastructural projects in Antigua and Barbuda under a new cooperation agreement between both countries, the Ministry of Economic Development here said today. Venezuela has also agreed to extend a line of credit to facilitate trade with the Caribbean state, to fund the construction of sport facilities and back the implementation of a major housing scheme, according to a communique from the ministry. These were among the results of discussions an Antigua and Barbuda delegation led by industry minister, Hugh Marshall, had with senior Venezuelan Government officials earlier this month in Caracas. The mission also had talks with officials with Aeropostal in relation to aviation and travel. It was agreed that a team from Caracas will arrive in St Johns within the next 2 weeks to examine the possibility of a Venezuelan air service to Antigue and Barbuda. [Text] [Bridgetown CANA in English 2234 GMT 21 May 86 FL] /12232

CSO: 3300/83

CONSOLIDATION OF DEMOCRACY COUNCIL COORDINATOR REVIEWS PLANS

Buenos Aires SOMOS in Spanish 23 Apr 86 pp 10-11

[Interview with Carlos Santiago Nino, coordinator of the Council for the Consolidation of Democracy; author, date, time, and place not given; passages enclosed in slantlines printed in boldface]

[Text] Certain politicians who are fond of /clear accountability/ have wondered several times since December how the country will benefit from the /Council for the Consolidation of Democracy./ They claimed it had too many objectives and too many long-term illusions; even some Radicals shared this view. /Will it do any good?/ they asked. The decree that created the council instructed it to draw up a /"reform plan"/ to /"modernize the cultural, scientific, educational, productive, and government structures of Argentine society."/ Few expected this effort to yield concrete /"results,"/ until Raul Alfonsin set the wheels in motion to move the capital, and the news surfaced; since then, the plan has been intimately linked to the council's work and to its goal of modernization.

The word /"modernization"/ means many things to the government: decentralize, debureaucratize, develop, populate, federalize, democratize, make a new country. Carlos Santiago Nino, coordinator of the Council for Democracy, in a chat with SOMOS tried to sum up the different views of what needs to be changed:

[Question] What does the transfer to Viedma have to do with modernization?

[Answer] One cannot say that Viedma is the key to everything, but it is a very important element in the structural transformation of the country, from the standpoint of demographics, production, administrative and bureaucratic reorganization, and political and economic decentralization. The transfer of the capital and the creation of a new province in Tierra del Fuego are extensions of a single plan for demographic reorganization and the formation of new poles of development. But the greatest value of the initiative lies in its spiritual aspect: A new mystique, a national objective is emerging. Our pioneer spirit is returning; new frontiers, not just physical but also mental, are appearing. This is the challenge, the adventure that our country needed.

[Question] Isn't there too much "mystique"?

[Answer] That is what we were lacking, but that is not all. The president reached the conclusion that the country cannot solve its daily problems with bandaids, with halfhearted solutions, amid "tugs-of-war." Rather, it needs a profound transformation in the medium and long terms. The problems of the moment will not be solved if we do not lift our sights higher and look beyond the horizon, if we do not understand that it will be increasingly difficult to meet people's needs if the population grows, production stagnates, and the value of what we produce shrinks. Even if our GDP were to grow at a rate of 4 or 5 percent a year, all this pent-up demand could not be satisfied, because the recovery is very recent. Argentines needed to see that there are other possibilities, other objectives, that a new life lies ahead.

[Question] How will the debureaucratization and decentralization be brought about?

[Answer] Both things are an essential part of the country's modernization process. The council is making various contributions in this regard, for example by conducting studies on constitutional reform, reconstructing federalism, updating accounting controls in the administration, promoting the widespread use of computers, simplifying procedures, streamlining the justice system, and democratizing education.

[Question] How is the "Viedma Project" related to federalism and decentralization?

[Answer] The council has a strong inclination to expand and consolidate federalism. First of all, because the initial step in a decentralization policy has to include the provinces--even before the municipalities or the neighborhoods. Certain services should in fact be provided at the provincial level, if not lower. This is of the utmost interest as the first step in what the president called the /"centrifugal process of decentralizing power, in opposition to the centripedal process of concentrating power."/ That process facilitated the military coups, because power concentrated at the top can easily be toppled. The centrifugal process must begin with the provinces, because it serves to consolidate the democratic system and diversify political power. Moreover, it will foment development in the country. We need poles of development in various areas throughout the country, because no country can be developed with this tremendous deformity of the metropolis and the major cities. The large cities are inefficient in providing services and resources; they spend more than they produce. The best way to create nuclei of development is to give power to the provinces.

[Question] And what about debureaucratization?

[Answer] The main thing is to decentralize decision-making areas as a means to enable people to participate directly. The first step toward that goal is to strengthen federalism. There are many very complex problems in this regard: controlling natural resources, sharing tax revenues, and other basic concepts. This issue is also related to constitutional reform, territorial integration, and demographic reorganization. Everything is connected. The idea of federalism leads to the matter of population, which leads to that of economic development, which, in turn, leads to the concept of forms of organizing the production of wealth.

Beyond the major /philosophical/ issues, however, Nino says that the debureaucratization effort has led to concrete actions, and other no less important ones are about to be taken:

—Until a few weeks ago, every time an official of the President's Office needed one of the 70,000 files that are stored in the Casa Rosada, he had to look for it manually, calling on the phone or going through the file cabinets himself. Now the president has a computer terminal in his office which can reveal exactly where a file can be found, in what ministry or office, at what time it entered and left, and what its status is.

—At the Ministry of Health and Social Action, some astounding things have been done with informatics. The entire accounting system has been computerized, and work that used to occupy several dozen people can now done by six people, I believe. And some incredible things came to light, such as people who were drawing salaries without having been appointed to any job.

—In the judiciary, the idea is to streamline the justice system. Today it is not an efficient system, not because of any problems with the judges, but because of problems with procedures and material resources.

—In addition to streamlining the justice system, we want to make it more accessible to all sectors of society. Many believe that justice is something expensive and distant, so they go to the courts only for very serious matters, and only when they can afford it. One of the plans we are studying aims to solve the problem at the top echelon of the administration of justice, the Supreme Court. The Supreme Court performs and invaluable service, but its caseload requires a monumental effort. The backlog is tremendous, and the five justices on the court must make a superhuman effort to keep up with their work. We are looking at a draft plan prepared by a commission of the Education and Justice Ministry to reform Law 48, which governs the Supreme Court.

—Another item on the agenda relates to local justice, which should be efficient, quick, cheap, and able to function with or without attorneys. There should be neighborhood courts so that people have a judge to go to when problems arise between neighbors, in partnerships, and so on.

—The debureaucratization effort will receive a major impetus when the laws on administrative procedures and government accounting are reformed. We are moving toward a /single procedure./ Some administrative steps should be eliminated from the process, because the situation shows truly pathological symptoms. For example, since the law on administrative procedures says that when third party interests are involved every entity's legal counsel must issue an opinion, draft decrees take a very long time to get through the ministries. A short time ago, after this process was completed, a decree returned to the President's Office bearing the signature of a minister who had unfortunately deceased; the decree had to go through the entire circuit again. The other day I was shown how a 30-page document was required just to respond to a judicial petition. It is simply a matter of determining which steps are necessary and which are not, and finding a model that contains just the indispensable. This will prevent files from gathering dust in desk drawers somewhere.

—As for the accounting law, we want to depart from the principle of freedom with responsibility on the part of officials; officials will be entirely free to make decisions, but they will be held fully accountable if they make a mistake or engage in some fraudulent act. Today officials have very little freedom, and this helps them evade responsibility. Some matters are very delicate, such as the purchasing system. Today, if all the formalities for letting contracts are complied with (and sometimes they are rather obscure), an official cannot be held responsible for any error if he met all the requirements. If, on the other hand, he were free to decide on a purchase but there were also a mechanism for monitoring the procedure that took into account market prices or other factors, he could be told, /"Look, you paid twice the going rate, and we know it should be less."/

—Everyone, opponents and supporters alike, acknowledges that there is a very high degree of administrative honesty in political decisionmaking, because there has been a tremendous effort to combat corruption. In the future, however, rather than investigating criminal acts /a posteriori,/ we must prevent them from happening in the first place. One possibility would be to have an /inspection of the inspections/ at various levels, a process that would enjoy the utmost loyalty and confidence of political authorities, and would be equipped with all the technology necessary to determine the results.

—The council's principal project right now is the /Second Republic./

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DEMOCRACY COUNCIL BEGINS WORK ON JUDICIAL REFORMS

Buenos Aires EL PERIODISTA in Spanish 2-8 May 86 pp 6-7

[Text] This is the first time in Argentine history that a government has proposed carrying out such an extensive judicial reform. Not yet knowing the number of years that will be required to establish it, the Council for Consolidation of Democracy is coordinating the work of many legal experts (of various ideological persuasions) who are attempting to convey the president's idea.

It would please the president if the reform package proposed in his latest address were understood in its entirety and also in its interconnections, and were not left virtually reduced, as has been the case thus far, to the transfer of the federal capital to Viedma. As Deputy Cesar Jaroslavsky explained, in Raul Alfonsin's view, those opposing the administrative, judicial, and constitutional reforms, or the creation of a new province, are mental dwarfs as well.

The metaphor has been so widely accepted in various government circles that there are now many prominent legal experts and lawyers who attribute greater significance to the judicial reform than to the proposal for moving the capital to Viedma. One noted federal judge expressed the opinion that, "In fact, the dwarfs are those who oppose allowing one of the three branches of government, the judicial one, to operate administering justice."

Heights aside, the fact is that, for the first time in Argentine history, a judicial reform of such great scope is being studied. If freedom competes for first place on the scale of human ethical values, the speed of the work done by those controlling it is a priority concern in a state of law.

At present, there are 34 inmates with judicial processes pending for over 2 years, without a firm sentence in their respective cases, incarcerated in the Federal Penitentiary Service cells. There are 17 prisoners with trials lasting over 3 years, eight with trials over 4 years long, four with trials more than 9 years long, and two dating backing to 1976, that is, for 10 long years. If injustice is precisely the deprivation of rights, these citizens would hardly have a desire to become reinstated, in the future, in the society that left them in the hands of that justice system which it is now being attempted to change.

This reformist concept was placed by the president on the desks of the members of the Council for Consolidation of Democracy. Carlos Nino, the presidential adviser who is now in charge of the task of general coordination for the Council, explained to EL PERIODISTA that the full political backing that they have been granted also comes "from the members of various political movements working here." For this reason, Nino thinks that, to promote projects for change "that are serious, we have combined the multiparty system from an ideological standpoint with a very sizable share of quality from a scientific standpoint."

The judicial reform consists of four major bills which, once devised, will be submitted to the National Congress for debate. The first one deals with a reform to the Code on Prosecution in criminal cases, and emphasizes the oral nature of the trials. The second one proposes the creation of neighborhood courts or tribunals, which would take a speedy, dynamic, justice system to the neighborhoods. The third promotes the creation of a Commission for Regulatory Consultation, capable of explaining the complexity of a law or decree within hours. The fourth is based on a reform whereby the Supreme Court of Justice would be able to exclude its participation so as to determine jurisdictions in cases of lesser importance.

"In the legal system, it is stipulated that rights apply to all inhabitants, and there is offered the opportunity for a judicial process in the event that the benefiting therefrom has been disturbed. There is a serious flaw there. For example, when the National Constitution speaks of the right to decent housing, it would be interesting to learn what would happen if an individual were to appear before a judge and ask that he be protected by the right to access to a decent dwelling. Nowadays, they would certainly reject his presentation. The judge's conceptual notion is that there must be a creditor and a debtor. If not, the magistrate has no consideration for understanding anything other than the subjective right and the traditional relationship of giving for taking. I think that if we concern ourselves seriously with human rights, we shall have to concern ourselves with a right to which we can have access, maintain, and not have obstructed. Until that happens, the only thing that will continue to operate is the right to property." This definition comes from Dr Eduardo Barcesat, acting full professor of constitutional law at Lomas de Zamora University, and an associate of the department of human rights in the legal profession, assistant professor of the philosophy of law at Buenos Aires University, secretary of the national legal commission of the League for Human Rights, and founding member of the American Association of Jurists.

The efforts of the Argentine justice system have certainly always been greater for punishing those who violate the right to property. For example, as a general rule, an individual who robs a house will be more quickly imprisoned than another who has raped a woman.

The court of appeals judge, Eugenio Zaffaroni, one of the most prestigious legal experts and criminologists in Latin America, directed for 4 years a research project carried out by the Inter-American Human Rights Institute.

The work consists of nearly 800 pages, and has not yet been published. The final document makes a complete analysis of Argentine criminal law. One paragraph deserves special attention: "At the time of the urban concentration, punitive social control was centralized in Buenos Aires through police auspices; the form in which it remains even though this process ceased over 3 decades ago. The penal system has improved in the majority of provinces, as a result of the trial, but in Buenos Aires and the province of the same name, it has been 'made repressive.' From the old liberal trunk there was released a branch advocating an example-setting, stigmatizing, system of retribution. The old authoritarian line relinquished its more or less consistent, overt discourse marked by racist positivism, and remained as sheer authoritarianism."

Now, Justice

The Council for Consolidation of Democracy has disclosed that the procedure in effect in criminal matters is open to serious criticism, not only because it is anachronistic, but also because it has resulted in dangerous limitations on various guarantees of the penal process recognized by the National Constitution. One of the goals of the oral procedure is to achieve a swift administration of justice, thus preventing trials from lasting longer than a government. The oral nature of the processes means the judges' proximity to criminal cases which, at the present time, are tried before various judicial employees. Establishing the oral, public process in the federal jurisdiction means indicating the preeminent respect for human dignity and the protection of the person's constitutional guarantees. The authority on adjective law, Julio Mayer, is responsible for implementing, for the Council, the plan to "oralize" criminal justice.

The notion of creating neighborhood courts is a plan that has evoked interest among all ideological sectors (at least those queried by EL PERIODISTA) comprising the judicial branch. The idea is to remove the obstacles currently hampering the population's access to justice in disputes of little economic significance. Nino remarks: "This has aroused the president's enthusiasm, because it agrees with his idea of bringing the people close to the organs of government and making democracy an everyday matter." According to the plan, a citizen can settle, in a matter of weeks, a lawsuit with the dry cleaner who has burned the sleeve of a jacket. In New York City, this justice system settles 70,000 cases a year. Besides dispensing with lawyers to settle this type of lawsuit ("although it works against the profession, it seems remarkable to me," explains Barcesat), the plan makes participation possible, including well-known, reputable neighbors in the phase of compulsory court appearance. The keys to the neighborhood court will be its oral nature, speed, and justice.

Despite the anger that this has caused in the Federal Police chief, Commissioner Antonio De Vietri, Dr Carlos Nino has announced that, "These courts will absorb the offenses currently being judged by the police, so that it will not be a commissioner who judges, but rather a judge, with all the constitutional guarantees. There was recently a verdict in the Criminal Chamber which declared the unconstitutionality of police edicts; a decision which proves the need for a judge always to be the one who administers justice." Unquestionably, the state of law within hand's reach, as President Alfonsin likes to describe it, also demands the right of a citizen not to be detained for an investigation of his record by a member of the police who decides in accordance with the victim's face. The freedom of movement that this plan attempts to protect will be an effective right that those in uniform will have to respect.

Another reform that the executive branch is attempting to promote is to guarantee legal security to the maximum degree. In the confused drafting of laws and regulations, there lies a large percentage of causes which deter judicial proceedings. Therefore, the third bill calls for the creation of a Commission for Regulatory Consultation, which is empowered to report, having the last word, the meaning of a law to a judge, to revise juridical techniques in effect at the request of any state agency, or to advise the legislative branch on possible technical flaws in proposals before they have been approved.

The fourth point in the proposal learned by EL PERIODISTA is intended to ease the task of the Supreme Court. With its work regulated during the last century, the country's top-ranking judicial institution must solve all the problems in the jurisdiction that has been assigned to it. Based on the plan being devised, the Supreme Court of Justice will be able to explain to a judge that it was not created to decide on jurisdiction in cases which, for example, pertain to fraud involving 5, 15, or 50 australs. As everyone knows, in view of the "super-population" of proceedings opened from day to day in the Palace of Tribunals, one of the favorite sports of certain judges is to declare themselves incompetent in the cases. Obviously, during periods of historical revision, the system has been used to excuse them from processes wherein the political past plays a leading role. The executive branch is of the opinion that it is not precisely the judges who, in the future, will be able to decide which case to accept or reject, with a bureaucratic contrivance.

Reformulating the System

Can a judicial reform be isolated from the action of the police or the prison system? Isn't it ultimately the jail which has as its preeminent function the resocialization of the individual whom the justice system sends to it? Is the penalty depriving one of freedom the most effective method for reinstating an individual who has committed an offense in the society?

Barcesat explains: "Michael Foucault claims that imprisonment is not the brainchild of the laws, nor codes nor judicial branch. It is not subordinate to the court as the docile or stupid instrument of the sentence that it hands down, and of the efforts that it was desired to procure. It, the court, is what it is because of an external and subordinate relation to the jail. In other words, according to Foucault, it is the jail that should model the laws, and not the laws that should model the jail. Because, in this way, the prison operates as a system for concentrating social repression. We cannot continue having a prison system which operates to annihilate the human person."

After all, it is in the jails that individuals spend years subject to trials; in other words, without a firm judicial sentence. Barcesat recalls a reflection of unknown origin: "A judge who continues subjecting himself to the implementation of the systems in effect becomes a more dangerous individual than the criminal."

One of the doubts that has been hovering over the executive branch's plans is the necessary interrelationship between the three systems: police, judicial, and prison. Hence, the proposal from the most diverse legal experts consulted by the Council for Consolidation of Democracy deals with the creation of the Judicial Police. Barcesat comments: "At present, the judge gives certain instructions to the police division to guide an investigation. But in most instances, it is conducted by the commissioners and, therefore, illegal decrees become commonplace. I am in favor of the creation of the Judicial Police, so that the prosecutors, with an extensive training in criminal matters, may conduct the police investigation." Thus far, it is not yet known exactly whether the Council will discuss this vital point. Politically, it would mean curtailing the power of the police agencies further still.

From the very origins of law, people have been discussing methods of administering justice that are more possible to improve. Among the plans put in motion by the executive branch, gaps, imperfections, and disconnections may be found. But all the lawyers agree in stating that, nevertheless, this is discerned as the most serious judicial reform that a government has ever proposed carrying out.

In the inexorable search for perfection, leading legal experts have added ideas. Dr Zaffaroni and Attorney Lucila Larrandart prepared a report on the need for a model of justice. Toward the end, the report concludes: "Let us begin to reflect until we reach the best conclusions regarding the most suitable constitutional method for providing Argentina with a pluralistic administration of justice committed to human rights, and capable of balancing the enormous power of the executive branch's bureaucratic agencies and of allowing access to justice for increasingly extensive sectors of the people."

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TOP ECONOMISTS EXAMINE PROGRESS OF AUSTRAL PLAN

Buenos Aires MERCADO in Spanish 24 Apr 86 pp 18-31

[Interview with economists Domingo Cavallo, Jorge Dominguez, Jose Luis Blanco, Horacio Arce, Miguel Angel Broda, and Juan Cayetano Olivero, by Ruben Mattone; date, time, and place not given; passages enclosed in slantlines printed in boldface]

[Text] The wording was a little too strong to suit many members of the government. Jose Luis Machinea told the national committee of the Radical Civic Union (UCR) in no uncertain terms that /"there will be another 'rodrigazo'" if the government gives in to the demand by the General Confederation of Labor (CGT) to raise the minimum living wage from 70 to 120 australes. Regardless of the dramatic nature of the assertion, however, the fact remains that it was a member of the government itself who stated it, and he was reflecting the views of many sectors of society.

The warning was, nonetheless, well founded. According to official calculations, /an increase in minimum pensions from 80 to 120 australes would cost the state about $1.5 billion a year./ And this, clearly, is not something the government can handle so easily, especially since the return of deficits to public finances after the budget surplus registered in December thanks to the boom period that resulted late last year from the mandatory savings program.

It is this and this alone that determines how much room the government has to maneuver. It is even more significant than what is apparently seen on the surface of the political game. The tug-of-war between the CGT and the government, which now seems to be becoming more entrenched, leads to one conclusion: /There is still no evidence of any cracks in the administration's united front under pressure from the austerity measures imposed by the Austral Plan./

The examples abound. First of all, in its latest wrestling match with the labor sector, the government was only willing to /go 10 australes higher than the last wage announcement by Minister Hugo Barrionuevo./ But it let it be known that to finance this raise, new funds would have to be found, and for that purpose it would be willing to resort once again to fiscal measures:

/Officials are contemplating a boost in fuel prices, in the cigarette tax, and possibly in the tax on alcoholic beverages./

Furthermore, it laid down the condition that labor and management must come clean on the wages paid or earned under the table, /in order to bring more funds into the devastated benefit system./

This strategy is not too different from the one that emerged from the announcements made this very month by Minister Juan Sourrouille. /"It was one more turn of the screw, but on the tax side,"/ recalled a well-known analyst days later. In fact, the decisions on rates and exchange rates, with increases averaging 4 to 8 percent, as well as the quarterly salary hike, which is not to exceed 25 percent until the end of the year (read 2.7 percent a month), are confirmation that everything that was announced had a highly fiscal orientation.

The revenue and outlay figures released by the Treasury for last January and February corroborate this. Whereas expenditures exceeded income by 56,485,000 australes in the first month of the year, in February the gap grew to 156,525,000 australes. And this is the heart of the problem. /"The issue of public spending should be dealt with urgently by the Economic and Social Conference,"/ a source who is very familiar with the administration's actions told MERCADO. /"The government must be forced immediately to reduce its outlays and to put its financial house in order."/

Thus, many observers interpreted President Alfonsin's initiative to move the Federal Capital to the city of Viedma as an indication of his intention to change the status of the central administration, regardless of the controversy the proposal has stirred up. They also see the possibility that by concentrating the government, /the civil service payroll may be cut back because of the disincentive that would be involved in having to move 800 kilometers away from people's habitual places of residence./

Meanwhile, the problem of the deficit will remain on the front burner in the short term, and the /balance adjustment/ will be imposed as an essential requirement. All indications are that the economic team is very clear on this. Adolfo Canitrot, in a luncheon organized by the Argentine-U.S. Chamber of Commerce, provided some very significant explanations which did not receive extensive press coverage.

The second-highest official at the Finance Ministry stated categorically: /"We are not going to rock the boat, and we are not going to throw overboard everything we have accomplished with the Austral Plan."/ This message was aimed, albeit indirectly, at one target: the CGT. To that he added another, no less important thought: /"We are confident and firm in the face of all strike programs. It should be made clear that the government will not allow corporations to define its policies."/ He went on to assert, /"There is no plan for stepping up tax pressures; there is no intention of maintaining the export withholding; there will be no subsidy system; the interest rate market will not be modified too severely; we are not going to shake up the economy."/

Nevertheless, there does not appear to be a great deal of agreement regarding certain economic goals, particularly the guideline of keeping inflation at 28 percent this year. On this issue, MERCADO solicited the opinions of economists from different schools of thought in order to find out how the economy is doing. The economists are Domingo Cavallo, Jorge Dominguez, Jose Luis Blanco, Horacio Arce, Miguel Angel Broda, and Juan Cayetano Olivero.

In general, they agreed that the economy is operating dangerously on a new inflationary floor of 5 percent, which leads them to predict an increase in retail prices of 60 to 80 percent in 1986. They also admitted that the value of the dollar will be between 1.20 and 1.30 australes by the end of the year, and that the economy will grow by a very slight 1 percent. Here are the views expressed by the economists we interviewed:

Mattone: The government has begun a new stage in the area of prices. In this phase, prices are administered in such a way that businesses will gradually begin to negotiate their own prices, without state intervention. Do you think this strategy will have any effect on inflation?

Cavallo: The rate of inflation is not determined as much by strategies for controlling or administering prices as by more fundamental issues such as the size of the budget deficit, the growth rate of the government's internal debt, the monetary supply that determines the size of that budget deficit, and the need to keep adjusting certain relative prices that are sometimes distorted by the controls themselves. I think that regardless of how the government manages prices during this second stage of the Austral Plan, inflation will tend to be higher than during the first stage, because the budget deficit did not fall to the 2.5 percent of the GDP that the government set as its target. Rather, it amounts to 5 to 6 percent of the GDP, according to our calculations, if it is measured as a whole. This means that the government's internal debt is expanding by 5 to 6 percent a month, which is exerting pressure for the money supply to expand in that same proportion. In turn, interest rates will hover around that level, and there will be some risk of their rising as the circulation of money begins to accelerate, a common phenomenon when inflation rises. In view of this, I believe that the monthly inflation rate will be around 5 percent.

Dominguez: I think that there will be an initial change in prices that could be significant as a result of the long freeze imposed by the Austral Plan, especially for prices that are key factors in the economy. When the Austral Plan was established, a period began during which relative prices as a whole did not reflect any incentive mechanism that could spur the productive apparatus. Thus, the economy needs a modification of relative prices that will enable production to resume. Consequently, I believe that this first adjustment will lead to an initial boost in inflation. If we heed the need for an adjustment to enable production to resume, I think it will be difficult for us to meet that 28-percent goal for inflation this year; moreover, if we bear in mind the inflation figures for the month of March, I think we will see a growth rate much higher than what we saw before. I estimate, based on the price index of the sample formulated by the Economic and Social Policy Institute, that inflation for the month of March will turn out to be 5.5 to 6 percent, which implies an annual rate much higher than the projection issued by the Economy Ministry and that contained in the budget act.

Blanco: What is understood by the controlled prices phase has already been experienced in the past. I presume it is a more flexible form of control, which is known as cost plus, in which businessmen pass on their higher costs by raising prices. If this is the strategy, then I believe the present inflation rate will become a floor and not a ceiling, so the entire system is contributing to higher inflation. The 28-percent rate, therefore, will be exceeded in practice. It should be noted, however, that this is just a budgetary guideline. Our forecast calls for a rate of about 60 percent a year. Some of the factors influencing this hypothesis are the following: In terms of wholesale prices, the almost total freeze in industrial prices, which comprise 80 percent of the index and have been the key to the success in containing inflation at the wholesale level, is a vital element. Agricultural prices, on the other hand, which were lagging behind when the controls were first imposed, have risen but have still not been able to close the gap completely during this period. As far as retail prices are concerned, officials clearly intend to make them more flexible, especially those of food products and those corresponding to seasonal expenses (school supplies, etc.). The latter will certainly drive up inflation. Finally, I am also predicting that after April, in addition to this new system of administered prices, we will have two new variables in price adjustments: rates and exchange rates. These two elements play a key role in wholesale prices, which as we said have been contained more successfully until now. So from now on, such variables will be reflected in business costs, and therefore in their requests to the Secretariat of Commerce for authorized price increases.

Arce: Official statements on this matter list the various types of strategy the government intends to follow to control prices. Apparently, the state will continue to play a major role in determining prices. It seems that the importation of goods will be used only marginally as a means to ensure that prices have a more international orientation. Obviously, if the government sets prices, it is more likely that prices will remain stable than under other circumstances. But pressures build up this way, and at some point, as occurred in early 1986, they will be reflected in the level of prices or in the lack of merchandise on the market. The figures we compiled for the month of March indicate that it will be quite difficult to reach the government's inflation goal of 28 percent by the end of the year. In any case, it would be an accomplishment just to come near that figure. After seeing where Argentina was in June of last year, attaining a 50 percent rise in prices would be a resounding success. This surge in inflation is due to the inability to exert monetary control, which in turn is because the budget deficit is much higher than the papers foresaw or indicated.

Broda: I am basically skeptical about the "government-business" price negotiations. Argentina's experience in this regard is not conducive to optimism. The only policy I feel can be really effective for stabilizing prices is based on monetary and fiscal discipline, the improvement of competitive mechanisms, and the exposure of the economy to foreign competition. Active state participation in setting prices can only be regarded as a temporary move to ensure more rapid adjustment to expectations of a new monetary and fiscal situation. After this temporary and precarious stability is achieved on the basis of measures to combat inertial inflation, one of whose pillars has been the price freeze, the next step is to achieve permanent stability. This latter stage is growing increasingly unlikely. This phase of price administration merely distracts attention from what is "fundamental": fiscal and monetary policy.

Olivero: I believe that if that step had been taken in the latter months of 1985, we would have had the confidence necessary to obtain an adequate response by economic agents. In this framework, and without any defaults by the government in terms of its deficit and spending commitments, it would have been possible to achieve the 28-percent goal for 1986. Now conditions have changed, and this goal is a difficult one, unless the government can bring about a new shock wave of confidence and can produce convincing proof of a rigorous and lasting monetary and fiscal management.

Mattone: As for wages, it is argued that Barrionuevo's speech contained an implicit message: the state's first retreat from negotiations on this matter. Do you think this attitude will alleviate some of the pressure being exerted by the labor unions?

Cavallo: I think that a system with more freedom to set prices and wages would be much better for the economy. But I also think it will be difficult for the government to stop intervening in the setting of wages if no progress is made in establishing a more competitive system, both internally and externally, for determining prices. Therefore I do not believe--and I want to emphasize this--that the government will completely withdraw from the negotiations with wage- and salary-earners. In my opinion, the unions will step up their pressure if certain sectors recover and others are still in recession. I think that a policy of greater fiscal and monetary control aimed at containing inflation, and in any case a policy oriented more toward economic growth than toward temporary reactivation, would be better at maintaining social tranquility.

Dominguez: I believe that it is a positive step. In my view, there must be freedom to reach agreements on wages. The only problem is that for many sectors, the wage freeze entailed in the Austral Plan has created some very strong pressures, and to the extent that they are not properly channeled, there will be severe tensions in wage negotiations that could mean a wage adjustment process which will be very complicated to implement. In economics, whenever a variable is artifically controlled, and then equilibrium is restored, that balance is generally achieved through a process of trial and error in which a kind of spiderweb theorem applies; the point of equilibrium is attained through excesses or defects. I believe that, in keeping with this view, after such a long freeze and such a marked retreat of wages in Argentina, we must be very careful about the wage issue and undertake the process gradually. I think that the current position is on the right track; it shares the view that there must be flexibility in dealing with the matter. But I also think that appropriate steps must be taken to prevent mechanisms that could end up being very disruptive.

Blanco: I think that the pressure exerted by the unions has been limited to the new situation. Although the 36-hour strike has been called, on the other hand the government has specifically asked the CGT to sit down at the negotiating table again. This is apparently the path they are going to take. It is the smartest way to go, and I presume that with the well-known correction of the minimum wage and the discussion with the labor union confederation, the two sides can arrive at a wage ceiling and floor between which the various scales can fit. In this case, the public sector is important because it does not have many alternatives for straying from the budgetary goals. As for the private sector, it has strayed from the official guidelines on its own; according to the latest polls, wages have shot up 10 to 15 percent higher than the adjustments authorized by the government last January. In other words, because of enhanced business activity and in view of the workers' situation, employers have granted higher raises than official guidelines allow.

Arce: This seems relative, because the government is going to set maximum and minimum brackets for wage adjustments. Consequently, if anyone does set those limits, we can safely say that no sector is going to be willing to accept the minimum. In any case, everyone will try to get the maximum. So if this is not state intervention, then I don't know what state intervention means. As for the alleviation of social pressure, I believe that in a way the government is fighting against labor leaders when the real enemy is the factory unions. What it is achieving, then, by not giving a hand to the labor leaders is enabling the factory unions to increase their clout. And we must not forget that they are the most combative unions.

Broda: In the new negotiating plan announced by Barrionuevo (despite the linguistic subterfuge he employed), it is not clear that the government intends to make itself scarce in the wage bargaining. On the contrary, it will apparently have an active presence for much of the time (the decree defining the negotiating "brackets" of 18 to 25 percent leaves no room for doubt). At any rate, if at some point the government does manage to pull out, it will be possible to attenuate part of the pressure the unions are exerting directly on the government, although the forceful measures declared by the unions against companies that do not meet their demands cannot be prevented. Nor can the unions be prevented from involving government officials by appealing to them to mediate in the conflict, in case no satisfactory agreement is reached with management.

Olivero: I believe that this policy tends to put the matter in true perspective. It is management that must face the wage issue and stop being the "enforcing authorities" of measures that come "from above." This always ends up with prices going up and with management yielding to union pressure, and then responding by raising prices. Obviously this is a convenient mechanism, but it destroys the country by entrenching inflation. The criterion for raising wages should be productivity, and each individual company and union can determine and measure that factor. There may be initial resistance, but in the long run we must look at the serious issues.

Mattone: Given the budget accounts and the trends in the economy's external sector, do you think that a certain amount of stable growth will be achieved in 1986?

Cavallo: My impression is that the Argentine economy has not had the necessary changes in the rules of the game to begin economic growth. What can be achieved in 1986, with a great deal of monetary and fiscal discipline, is the maintenance of stability. In other words, instead of this inflation that is predicted at 5 to 6 percent a month, it can remain about what it was in the last 8 months. I emphasize that this can be achieved with great fiscal and monetary discipline. But for Argentina to grow again, very fundamental reforms must take place in its foreign trade and exchange policies. I always try to explain it by saying that Argentina must abandon the idea of an export dollar that is half the average import substitution dollar, and must move on to a structure of relative prices in which the prices of goods on the domestic market are in line with the prices obtained on the foreign markets. And the government has not yet faced this change, nor is it expected to throughout 1986.

Dominguez: Given the low level of activity in the Argentine economy in recent years, especially in 1985, when the overall product is estimated to have fallen 4.3 percent below that of 1984, I believe that 1986 will see a very slight recovery, or at least not another setback. On the other hand, I am not optimistic about the possibilities for growth. If there is any growth it will be 1 percent; most likely, it will be a positive growth rate somewhere between 0 and 1 percent. This is a very limited recovery rate, the product of the Austral Plan's own rules, which to a certain extent involve stability without a growth alternative. The fact that the exchange rate changes according to the needs of public finances, because the state has taken on the bulk of the foreign debt and because of the significant decline in the domestic market due to the steady plummeting of real wages, means that there are few possibilities for growth through the external sector, or through greater production for the domestic market. On the other hand, the level of interest rates in real terms (which have prevailed ever since the first quarter) leaves little room for a resurgence of production.

Blanco: I see the growth of economic activity this year as more of an "incidental" phenomenon. This means that if last year activity fell by an estimated 4.2 percent, for 1986 we estimate some recovery, but no more than 2 percent. In other words, there will be some recovery, but without exceeding the levels of 1984. Furthermore, we believe that inflation will actually be higher than what one would obtain by extrapolating from the present situation, but it will be for the sake of higher business profitability and not fictitious controls. I hope, moreover, that price controls will become more flexible and that businesses will behave responsibly and not pass on preventive price increases. Officials can always resort to imports as a regulatory means of adjustment.

Arce: Given the circumstances of the last few years, 1986 may end up being a year of growth. There may even be an improvement in the manufacturing industry. This could result in a growth of 2.5 to 3 percent in the GDP for 1986. As for stability, I would like to stress that achieving a 50 percent inflation rate for retail prices can be a good target for the government. The biggest problem, however, is that the budget deficit is not what the government says it is; it is much greater. The gap contemplated in the bill sent to Congress is 2 points higher than what is stated in the papers. It is closer to 5 percent rather than 3 percent. And to that we must add a point or so of quasi-fiscal deficit, despite the government's efforts to reduce it. Thus, if we contrast all this with the fact that the demand for money has somehow reached a growth ceiling, it appears that the monetization of the economy cannot continue to make up for the upswings in the amount of money. Clearly some imbalance will occur. And this imbalance will be reflected in prices.

Broda: Argentina will grow by less than 2 percent in 1986, and more through statistical maneuvers than through a genuine improvement. This country, which was in an obvious state of decadence and lost 17 percent of its per capita income in the last decade, will experience neither stability nor growth. The nonfinancial public sector deficit will be about 6 percent, and the quasi-fiscal deficit will amount to between 2 and 3 percent (Central Bank). Since the Austral Plan was implemented, Treasury spending has increased; and since November, revenues have fallen. The trade surplus of nearly $4.6 billion in 1985 will fall to less than $3.5 billion in 1986. The need for additional dollars to cover the balance of payments deficit amounts to more than $4 billion if the bonds and promissory notes are paid.

Olivero: If what I said in my earlier answers actually comes to pass, then we need to build confidence among national and foreign investors in order to consolidate a process of genuine growth. This does not rule out an increase in activity in the short term by boosting demand through consumption. But increasing consumption without spurring inflation under the present circumstances depends on bringing foreign capital into the country.

Mattone: What are the most important obstacles facing the Austral Plan?

Cavallo: In my opinion, it will be very difficult for the Austral Plan to ensure stability if real interest rates do not remain very high. But these real interest rates are creating a fiscal problem and a debt problem for the future, which could reverse expectations and work against the goals of the Austral Plan. Therefore, I think that the best way to guarantee the final success of the Austral Plan would be to make progress in changing the rules of the game in order to induce economic growth in Argentina. I see that primarily as an incentive for boosting the production of exportable goods.

Dominguez: The problems I see in the Austral Plan are these: First, the initial structure of relative prices does not promote the expansion of the supply of goods and services. Another negative point, in my view, is the way in which the debt negotiations have proceeded, and the adjustment of the economic program to the debt refinancing needs within a framework of reactivating production. Another aspect that limits the country's potential for economic recovery is the lack of a serious program for the public sector. On this latter point, I believe that no comprehensive assault has been launched on the problem of restructuring the state, reducing excess spending (which has attained major proportions), and enhancing the efficiency of the public sector through an overall proposal that will make it possible to define the specific role of the state. I would like to point out, finally, that one very negative aspect of the Austral Plan is the fact that price stability has been attained on the basis of interest rates that are very difficult for the productive apparatus to sustain. This has created some significant short-term financial advantages as a result of the difference in rates between the domestic market and the external market, in light of the frozen exchange rate. If I had to give the government an opinion, I would say that Argentina must devise a medium- and long-term economic policy that abandons short-term monetary adjustment plans, which have characterized the functioning of the Argentine economy in recent years. I would also advise the government to attack the structural problems of our economy, and not to overlook the need to draw up a comprehensive plan for the public sector on the basis of fundamental principles of austerity, which is what the country needs.

Blanco: The most important obstacle, in my opinion, arises out of the following reasoning: If we want to maintain the stability we have achieved, the predicted inflation rate mentioned above must be reduced, and it should not exceed 40 percent. How can we achieve this? With fiscal and monetary policy. The former has failed to live up to the success of the second half of last year, when for the first time in history a budget surplus was obtained by means of the tax on mandatory savings. Now one has the impression that the coffers are empty, and therefore public finances must be restored. The other fundamental aspect has to do with the need to lower the rate of monetary expansion, as was also done in the second half of 1986 [as published], when it was reduced from 10 percent to less than the 5 percent that now prevails. According to very preliminary M2 figures, this figure fell even further in March. So the recomposition of revenues and the reduction of the expansion of monetary resources are the only two ways to maintain the stability we have achieved without resorting to indexing. If we were to index, no matter how little, we might see dangerously high inflation rates. We must not forget that the increased monetary expansion resulted from the lack of fiscal control, and that in turn came about because revenues were enhanced exclusively by collecting on mandatory savings, without any reduction of spending. This is a serious problem if we bear in mind that the payment of the Christmas bonus in December and of interest on the foreign debt so far this year influenced the imbalance we are discussing. Spending should be cut without fail to allow for less overall tax pressure, thus making possible the much delayed increase in investment.

Arce: The most important obstacle is on the fiscal side and in the external sector, because exports will fall off instead of rising. Although this year it can be said that the reason lies in the drop in international prices, the fact remains that if we look at the longer term, the performance of Argentine investments leaves much to be desired. In addition, the export program announced by the government is quite limited, and with luck, it will be able to have some effect by the end of the year or early next year. The fiscal problem, on the other hand, is also serious, because the government seems more inclined to continue stepping up tax pressure rather than cutting public spending. Although it has announced some interesting actions, we must recall that there's many a slip twixt cup and lip. I would like to emphasize, however, that the heart of the matter lies in transferring fiscal problems to the monetary sphere, which is a typical Argentine solution. Consequently, we have the usual imbalances that always occur when there is a lack of demand for money, and this definitely shows up in prices. As a corollary, we have the payment of the foreign debt; to the extent that the real payment of interest can be financed or reduced with new influxes of funding, a real wage raisse can be financed. But if this does not occur, then wages will suffer a downward trend, and social pressures will mount.

Broda: Anti-inflation programs based on attacking inertial inflation initially yield quick results at no cost; but they retard or eliminate the fiscal and monetary reforms that are necessary to achieve permanent stability. The unorthodox elements involved in de-indexing the economy are very useful in the first stage, when it is necessary to break inertial inflation. But once that objective is achieved, only a balanced budget, reduced public spending, and monetary growth below 3 percent a month, can lead to permanent stability. Today Argentina is at a plateau of 5 percent inflation a month, with a tendency toward even higher rates. The experience of countries that "relapsed" into inflation (Poland in 1924, Greece in 1945) shows us that it never returns to the pre-stabilization rates. In changing its target from zero inflation to 2 percent a month, the economic team eliminated the one aspect of the Austral Plan's core that could help attain permanent stability. Although expectations for inflation are lower today than they were before the speech given on 4/4/86, stating that the government would not give in to the CGT, these expectations are only temporarily lower; all the problems of the Austral Plan, which can be summed up in the lack of fiscal and monetary austerity, are still aggravated by the indexing of the economy. My forecast entails two scenarios: 1) The president will become frightened in July after 3 months of high inflation and will make a serious effort at stabilization; or 2) the current effort at "inflation in controlled increments" will be maintained, with ever larger increments.

Olivero: In short, the fiscal and monetary imbalances generated by a policy that strongly increases tax pressures to finance nonproductive public spending and that entrenches the budget deficit by printing more currency, will find their limits in the public's confidence. That is, the monetization process will be curbed (as is happening now), leading to inflationary pressures that no price controls can contain. In other words, if we accept the challenge of changing the distorted regulatory structure that is asphyxiating the free play of market forces, if state enterprises become more efficient by being privatized, and if the economy gradually opens up to competition, then the foundation will be laid for a lasting success. These elementary actions cannot be replaced by any spectacular action, which would only postpone the real discussion of Argentine problems, and after a certain amount of time we would be back at square one.

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MOTIVES, IMPACT OF ORDERS TO ACCELERATE MILITARY TRIALS ASSESSED

Buenos Aires SOMOS in Spanish 30 Apr 86 pp 12-13

[Article by Hernan Pereyra; passages enclosed in slantlines printed in boldface]

[Text] The symptoms of discontent in the military ranks due to the resumption of the trials linked to the antisubversive repression could be seen by the staffs of the three Armed Forces. Following custom, each chief of staff went to the secretary of the Armed Forces, Horacio Jaunarena, to report the news and call for a solution.

It was Jaunarena who convinced German Lopez of the need to involve President Raul Alfonsin in finding a solution to the aftermath of the antisubversion struggle. It was no coincidence that Alfonsin met alone with the secretary the morning of Thursday the 24th, before announcing his decision to the entire national cabinet. Afterwards, German Lopez had him by his side that very afternoon, answering the most troubling questions at the press conference where the instructions given to the military prosecutors were announced.

The point of departure for the government is the idea that the military--particularly the Army, and secondly the Navy--is /ungovernable/ if it is still possible for hundreds of officers on active duty to be dragged into court for public trial.

/"We cannot ask them to devote themselves full-time to expanding their professional capabilities, at a very low salary, if on top of that more than 1,500 of them face the prospect of being called before a Federal Chamber in a short time, accused of murder and torture."/

/"In some cases, the children of accused officers are having problems in school. That cannot go on,"/ a defense official said hours after the instructions to the prosecutors were made public.

Along the way, several crucial meetings were held. The fact is that the order given to the prosecutors is /to clear away bureaucratic obstacles/ confronting the cases being heard by the Supreme Council, and to reach a solution within the Military Tribunal itself. In other words, they are to make sure sentences are handed down soon, before the deadline passes and the Federal Chambers have to take over the cases.

Apparently the initiative was well received in the armed forces, although there was hope for a /direct or covert amnesty/ there. On the opposite side, human rights organizations sounded the alarm about what they consider /the beginning of an amnesty./

The prosecutors must now consolidate cases; according to the guidelines set forth by the Supreme Court, they must combine everything into five major trials: one for each corps command in the case of the Army (Buenos Aires, Cordoba, Rosario and Bahia Blanca), and one for the Navy (Buenos Aires). There the responsibility of each military chief will be analyzed, as will that of the subordinates who participated in the antisubversive repression, applying the principle of due obedience. Those who are accused of committing so-called /"aberrant"/ crimes (homicide, torture, abuse, robbery) will also be tried in these cases.

Those who can prove that they were merely obeying orders will be acquitted by the Supreme Council. It should be recalled that the Military Tribunal is serving as a trial court in cases of crimes committed by military personnel while on duty. So far not a single judgment has been handed down in cases linked to the antisubversion struggle, except for the stay of the Astiz case. Now that the deadlines have passed, the Federal Chamber, which is serving as a court of appeal in these matters, has taken over all the cases.

It is now expected that the Supreme Council will expedite the proceedings under its jurisdiction, and will hand down judgments. The old dream expressed by Borras (/"the military itself, showing society that it is capable of self-criticism, should judge its own"/) seems close to realization.

What Is to Come

Although no deadlines were set publicly, the government's idea is that by the end of this year the Council should already have reached its decisions. Only the Camps case will remain under the Federal Chamber's jurisdiction, according to this strategy.

One of the precautions taken by Defense was to act in /complete concert/ with the Supreme Court and National Attorney General Octavio Gauna. For this purpose, Jaunarena himself held several meetings with Gauna and with members of the highest court in the land, as well as with his counterpart in Justice, Ideler Tonelli. These meetings sent out clear signals that the strategy had been accepted, and that those involved understood the magnitude of the problem the government faced with regard to the Armed Forces.

It was also emphasized that all members of the administration should use the same language: /Few things are more irritating to those in the military than the contradictions in Radical officials' statements about the antisubversion struggle./

Generally, they feel /"betrayed"/ by government officials when a legislator contradicts statements or resolutions made by the executive branch. For this reason, Alfonsin met Thursday in the Government Palace with all of his ministers, a good number of secretaries, the chairmen of the defense committees of the Chamber of Deputies and the Senate, Chief Justice Genaro Carrio, and high-level officials.

The president gave clear instructions: /Everyone should defend/ the official line, and this is the last chance to question it. No one challenged it, although there were some questions. A few days earlier, the matter had been considered in Olivos with the chiefs of staff and the head of the Joint Chiefs of Staff. The president acknowledged the need to come to a definite conclusion of the matter, but he demanded in return that the Armed Forces engage in /irreproachable conduct,/ in other words, that they avoid any excess, no matter how minor.

The Supreme Council must also display an efficiency that it has not exhibited previously, proceeding to judge its peers and abandoning the attitude of /"passive resistance"/ that it has had until now. The president's instructions in this regard were clear: /"All officers called to testify before the Council or before a civilian judge must do so accompanied by a superior officer, and must not allow widespread publicity about the incident./ In any case, the head of the Army himself, Hector Rios Erenu, had to make some statements vis-a-vis his own internal front. On Friday, the military chief warned that /subversives were trying to infiltrate some political parties./ Official sources expressed the view that, aside from the internal needs of the Army, the general's statements were taken out of context; he was answering a question about whether subversion had disappeared from Argentina. The response was that /"it does not exist in its armed form,"/ but some people who were active in guerrilla organizations are now active in some parties, they said.

In spite of everything, Rios Erenu reiterated his assertions on Monday, while Jaunarena tried to put them in perspective.

In any event, the government, now that the measure had been adopted, took a concrete step toward assuming part of the political cost that will be required to close this turbulent chapter in the antisubversion struggle.

1,700

The active military personnel who are defendants in cases before civilian judges and the Supreme Council number 1,700. Military sources (and government officials) estimate, however, that in about 700 of these cases, either there is not enough evidence to proceed with a trial, or accusations already heard in prior cases are being repeated. Thus, the number of soldiers involved may be 1,000, including Gen Ramon Camps and Lt Alfredo Astiz.

In these cases, the Supreme Council must try these officers if there is enough evidence that they committed /aberrant crimes,/ that is, if the actions in question do not fit within the /principle of due obedience./ Those who can prove that they were acting on orders from their superiors will be acquitted.

Prosecutors can appeal this acquittal to the Federal Chamber if they disagree. At present, each case has a separate file, and it is up to the Supreme Council to consolidate them according to the guidelines laid down by the Supreme Court in the case of Gen Ramon Camps.

Everything related to the Navy will be heard in Buenos Aires, which was the headquarters of the command. No trial is expected to be held in connection with the Air Force.

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MIR-MASAS LEADER REJECTS ACCUSATION

PY040225 La Paz La Red Panamericana in Spanish 1700 GMT 3 Jun 86

[Text] During the resumption of the trial of former President General Luis Garcia Meza in the city of Sucre, he revealed that well-known MIR [Movement of the Revolutionary Left] member Gloria Ardaya acted as an informer against the MIR leadership.

Garcia Meza was referring to the bloody events of January 1981 when eight high-ranking MIR leaders died on Harrington Street. The accusation was rejected by MIR-Masas Secretary General German Monroig.

[Begin Monroig recording] The MIR-Masas categorically rejects the aberrations and lies the former dictator is spreading in Sucre during his trial.

Comrade Gloria Ardaya, member of our party and a member of the international relations commission, has our organization's full support. We also categorically reject this type of slander Garcia Meza is making. We speak from a position of authority because we have proven with facts, with names and surnames, with details, with dates that the events of 15 January 1981 were the result of a plot prepared and masterminded by the repressive forces.

Garcia Meza and [former Interior Minister Luis] Arce Gomez, leading a paramilitary group infiltrated our party before 17 July 1980 with agents whose names are well known. [name indistinct] Alarcon, Uriarte, and other agents infiltrated our party in order to purge our top leaders. This operation was to have been carried out on 17 July 1980, but since they failed, it was carried out on 15 January 1981. [end recording]

As you have just heard, the MIR-Masas has rejected Garcia Meza's accusation against Gloria Ardaya.

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BRIEFS

FOREIGN MINISTRY ON AFP REPORT—The press office of the Bolivian Foreign Ministry has delivered to the media the following note: With reference to an AFP report published by a local morning daily on 4 June regarding statements by the former Bolivian honorary consul in Hong Kong, T.K. Tan, the foreign minister wishes to clarify the situation: 1. The former consul was dismissed on 17 April 1986 in response to a note received at our embassy in London from the Foreign and Commonwealth Office. The note stated that the British Government does not accept honorary consuls in Hong Kong and recommends the appointment of a citizen who would receive a salary paid by the accredited country. 2. Regarding the alleged decision by the Bolivian Foreign Ministry to charge $100,000 to grant passports to Chinese people, it is made clear that Bolivian consulates are not authorized to sell passports; their function is to give visas to foreigners who wish to enter Bolivia. Therefore, that information is false. 3. The statements made by the former consul are a serious slander, detrimental to the country's image abroad and they reflect resentment over his dismissal from the consular service. The Foreign Ministry has decided to file the appropriate legal action against him. [Text] [La Paz La Red Panamericana in Spanish 0000 GMT 6 Jun 86 PY] /9738

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FEDERAL DEBT DROPS IN APRIL: MONETARY BASE EXPANDS

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 17 May 86 p 21

[Text] Yesterday, the Central Bank's [BC] Economic Department (DEPEC) announced that, during April, the federal debt, in circulating bonds, showed a decline of 0.7 percent. In March, that debt was 389 billion cruzados, dropping last month to 386.2 billion cruzados. However, with the inclusion of promissory notes and obligations of the National Treasury, which were issued and purchased by the BC itself, the debt amounted to 643.6 billion and, in this case, there was an increase, because the volume of paper money in the BC's portfolio also rose from March to April.

According to Silvio Rodrigues Alves, chief of the DEPEC, what is significant is the volume of bonds held by the public, which declined in real terms for the first time in the last 22 years. He commented: "Sometimes the treasury issues paper money and the Central Bank purchases all of it." Hence, he does not consider that portion as a debt strictly speaking. To make that reduction, the government must still expand the money in circulation through the net redemption of 9.9 billion cruzados in outstanding paper money.

The redemptions helped to expand the monetary base in April by 35.3 percent (raising the percentual expansion for the first 4 months of the year to 108.5 percent, and to 549.1 percent for the past 12 months). A note from the Central Bank published yesterday claims that the increase in demand deposits in the banks, the injection of 9.9 billion cruzados with the purchase of federal bonds, of 5.4 billion cruzados with the turnover of cruzeiros associated with the dollar for exporters, and of 4.6 billion cruzados as a supplement to the Bank of Brazil for the execution of the government's credit policy, contributed to the expansion of the base.

According to the Central Bank, the monetary impact from the National Treasury's financial execution declined from 9.4 billion cruzados in March to 3.5 billion cruzados in April, and that lesser outlay compared with the tax collections reduced the need for financing the public administration expenses. Another factor which stopped the pressure of monetary expansion on the economy was the return of 1.5 billion cruzados from the liquidity loans that the BC had made to the banking system.

The Central Bank's note remarks that, whereas, on the one hand, there was a considerable increase in the money in circulation, on the other, "an appreciable slowdown has been noted in the growth of the personal property debt (in bonds)." As a result, the real variation moved in 12 months from 52 percent in December 1985 to 31.5 percent at the end of April. In this instance, the total debt was computed, both the paper money in the BC's possession and that in circulation on the financial market.

2909
CSO: 3342/123

IBGE PUTS APRIL INFLATION RATE AT 0.78 PERCENT

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 17 May 86 p 21

[Text] The inflation rate for April, gauged by IBGE's [Brazilian Institute of Geography and Statistics] consumer price index (CPI), was 0.78 percent. Hence, the cumulative price variation since 28 February, the date of the start of the Cruzado Plan, stood at 0.67 percent. The clothing group, with a rise of 4.36 percent, affected the April CPI, counterbalanced by a 0.65 percent decline in the price of food products.

According to the head of IBGE, Edmar Bacha, consumer prices in May should remain at about zero, without either inflation or deflation. The stability results from the trend in that direction found by the Getulio Vargas Foundation in the April wholesale price index, which should be reflected during May by a reduction in consumer prices. Another indicator in the very same direction is the slower rate of increase in consumer prices during the first month of May, discovered by the University of Sao Paulo's Economic Research Foundation (FIPE).

Groups

The 5.84 percent drop in the price of ground coffee contributed to the 0.65 percent negative variation in the food group. Also reduced were the prices of red beans (-4.80 percent), chayote (-17.76 percent), string beans (-11.58 percent), garden produce and greens (-8.75 percent), fresh meats (-0.75 percent), processed meats (-1.58 percent), chicken (-0.83 percent), powdered whole milk (-2.57 percent), margarine (-1.33 percent), and crackers (-5 percent).

Housing rose 0.71 percent owing to the effect of a 1.13 percent rise in items for household repairs and a 1.66 percent increase in prices of cleaning items. The prices of household items rose 1.62 percent, because of the upward pressure from prices of television sets (4.96 percent), and of bed, table, and bath linens (1.79 percent). The 4.36 percent increase in the clothing group's prices stemmed from the 7.54 percent hike in women's clothing, the 3.59 percent rise for men's clothing, a 2.63 percent increase for children's clothing, and a 4.60 percent rise for footwear.

In the transportation and communication group, whose increase was 1.72 percent, the major influence came from the 5.49 percent rise in used car prices. The variations in prices of medical services (2.39 percent) and clinic payments (4.22 percent) contributed to the 1.35 percent rise in items for health and personal grooming. In the personal expenses group, which had a 0.49 percent increase, tailoring and sewing services (2.55 percent), stationery items (1.52 percent) and textbooks (1.16 percent) were prominent.

In the country's 10 leading metropolitan regions, the consumer price index stood between 0.16 and 1.45 percent). The metropolitan regions of Porto Alegre and Curitiba showed the greatest variations for the month (1.45 and 1.42 percent, respectively). In Sao Paulo, the CPI stood at 0.53 percent, with a negative varation of 1.11 percent in the food group, and a 3.99 percent hike in prices of clothing items. Fortaleza was the only metropolitan region in which the CPI showed a negative variation, of -0.16 percent, thanks to the 1.38 percent deflation in the prices of food products.

Seasonality

With the exclusion of the 4.36 percent increase in the prices of clothing items, the April CPI would have fallen from 0.78 to 0.43 percent, according to the head of IBGE. But that evaluation does not mean that IBGE intends to remove from the CPI calculation the products which have shown abnormal rises in price as a result of weather or seasonal factors.

2909
CSO: 3342/123

WIDER STRATEGY TO OBTAIN BETTER REPAYMENT CONDITIONS PLANNED

FL021333 Bridgetown CANA in English 1702 GMT 1 Jun 86

[This item preceded by the following note to subscribers: "The following item, slugged debt, is being presented by CANA and the Latin American Special Information Services (ALASEI). It may be fully used by all CANA subscribers."]

[Text] Rio de Janeiro, 1 Jun (CANA-ALASEI)--Following the success of economic reform introduced in March, the Brazilian Government is planning a wider strategy and strong representation to its international creditors to obtain substantial improvement in the conditions for repayment of its foreign debt.

The basis of that strategy may be summed up in the sentence nobody can lack confidence in Brazil anymore, uttered by President Jose Sarney last 14 April on national radio and television, when announcing the 1.48 percent inflation rate for March as the first result of the plan Cruzado.

Some economists here say Brazil proposes to defend three principal measures... reduction in interest from eight to six percent; conversion of part of the debt into local investment and move the forum of the agreement between debtors and creditors to Geneva.

In addition, the Brazilian representatives have already begun talks with the governments of Mexico, Argentina and Uruguay, extending to the other countries, to set criteria for common negotiation and develop a more effective plan by the debtor countries to confront the foreign creditors.

A glimpse of the new Brazilian stance was given by Minister of Finance Dilson Funaro at a recent meeting of the interim committee of the International Monetary Fund (IMF) in Washington, when he asserted that his country could not continue paying 5.1 percent of gross national products (GNP) purely as interest on the foreign debt, as it did in 1985.

The economists in the government believe that the good balance-of-payment position of Brazil and the credibility gained through its economic policies at home and abroad create ideal conditions to enjoy a stronger position in negotiating the time-limit and payment of the debt.

In the middle and long term, the reduction in debt charges is crucial to Brazil's ability to maintain economic growth of seven percent, which requires a rise in investment rate from 16 to 20 percent of GNP, in accordance with expert advise.

Between July last year and February this year, Brazilian industry showed an average rate of growth of 12 percent per month, according to official statistics, thus totally compensating for the fall in production in the depression years, 1981 to 1983.

If the required rate of investment is reached, government analysts are confident of another cycle of economic expansion in Brazil, albeit with social and political characteristics different from the previous cycle, during the military dictatorship, known as the economic miracle.

The economic miracle placed emphasis on acquiring riches and led to chaos in the financial system and a high degree of outside dependence.

Now a more equal distribution of revenue is anticipated, and a strengthening of the productive sector with a greater national autonomy.

Nevertheless, the international creditors are not disposed to facilitate matters in this direction, as shown by the meeting of ministers of finance of the rich countries, who insist on the requirement of previous endorsement by the IMF to negotiate the outstanding debt with the Paris Club.

The last meeting of the group of 24 allowed, however, for flexibility in the case of countries which are adopting economic programs certain to pull them out of crisis, according to the announcement by Minister Funaro on his return from Washington, convinced that Brazil found itself in the category.

Brazilian negotiators began in mid-April discussions with the Paris Club for refinancing of a debt of 8 billion dollars, of which 1,200 million dollars would mature.

Brazil now has in its favor the agreement, signed in early March with private banks, on debt pledges for 1985 and 1986, through which it gained a reduction of the rate risk (spread) and cancellation of the renegotiation commission (flatfee).

In this way the Brazilian Government scored a political victory and gained a year's breathing space to prepare a new negotiation strategy, sustained by proof of good performance in the 1985-86 economic program, and through greater coordination among the debtor countries of Latin America.

/9738
CSO: 3300/81

BUSINESSMEN BECOMING MORE INVOLVED IN POLITICS

Sao Paulo EXAME in Portuguese 16 Apr 86 pp 28-34

[Text] The Brazilian business class, always prominent in its closeness with power; now wants to exercise it directly so as to imprint the mark of free enterprise on the next constitution of the country. This appears to be the direction of the wave of entrepeneural candidacies that is shaking national politics in this year of the election of new governors and members of the Constituent Congress. They are men such as Antonio Ermirio de Moraes, Paulo Francini, Sergio Quintella, Guilherme Afif Domingos, Paulo Vellinho, Arthur Joao Donato, Ronaldo Cesar Coelho, Ruy Lage, Claudio Strassburger, among others, many others, who are already (or are preparing to join) in the fight for a seat in the Constituent Congress or the governorship of their states.

The close coexistence of the businessmen with the restricted circles of power is not a novelty as a rule. It existed in the times of the empire, was maintained during the so-called coffee with milk policy in the Old Republic, and it continued after the 1930 Revolution, which brought to public life men such as banker Jose Maria Whitaker and industrialists Roberto Simonsen and Horacio Lafer. Simonsen, according to historian Helio Silva, who was his secretary in the Constituent of 1934, was more an intellectual than a businessman. He was elected to the Senate and helped Getulio Vargas implant his policy of conciliation among the classes, the "social peace" inaugurated by the labor legislation of the 30's, which reduced the influence of the communists among the workers.

Horacio Lafer, in turn, had an equally intense public life, with a prominent parliamentary activity. Reelected federal deputy in several legislatures, he was chairman of the Finance Commission, leader of the majority in the Dutra Administration, minister of Finance of the second Vargas Administration and foreign minister of the Kubitschek Administration. What inspired the political activity of Lafer, Simonsen and other businessmen such as Euvaldo Lodi, was the struggle for industrialization in a period when the interests linked to the agrarian-exporting sector were very strong.

Today, however, the basic motivation that leads businessmen to running the risk of political activity is undoubtedly the desire to control the process of state management of the economy and to guarantee in the constitution a number of institutional conditions that insure the expansion of the private sector. These objectives appear clearly in the speech of almost all the businessmen-candidates, such as in the case of Sergio Quintella, president of Internacional de Engenharia and of the Liberal Front Party (PFL) in Rio de Janeiro, who is competing for a seat in the Constituent Congress. According to him, the future members of the Constituent Congress should not be exclusively college graduates, traditional politicians and representatives of unions: "They must include everybody, including from the producing classes in order that they may bring their vision of how the economy should be--pluralistic, liberal or interventionist."

Quintella, who is also a member of the Economic Order Committee of the Provisional Constitutional Studies Commission, expresses the opinion that the text presented there very well classifies the forms of state intervention in the economy and protects the private sector. "I believe that Brazil will only become a strong country with the predominancy of private enterprise over state enterprise and the reduction of social inequalities," asserts Quintella. To him, the country cannot live with a picture of such inequality in which the richer 20 percent receive 66 percent of the income, 28 percent of the people are illiterate and two-thirds of the economically active population earn up to two minimum wages. "The great Brazilian challenge is the elimination of the conditions that generate that mass of the poor, hungry, miserable and backward people," concludes Quintella. "But that cannot be resolved by the presence of the state," adds the president of the Rio de Janeiro PFL.

"Reduce Inequality"

The basic points of Quintella's platform are really common to that of the large majority of the businessmen-candidates and, naturally, incorporate ideas generally accepted in the business class. Like the Rio de Janeiro businessman, they deplore the inefficiency in the management of the 430 state run companies, some of them chronically operating at a deficit, with excesses such as the loss of $500 million per year in NUCLEP [NUCLEBRAS Heavy Equipment, Inc.] or the spending of $1.5 billion on Caraiba Metais when it could have been done for one-third that sum. As a rule, with the expected exception of the more conservative agricultural entrepeneurs, they are not against agrarian reform--providing it only covers unproductive lands and it indemnifies its owners with public debt bonds. In short, they advocate the theory that the state needs to redistribute income by means of health and education programs instead of functioning as an agent inhibiting private enterprise.

"We advocate a liberal economy with emphasis on free enterprise," adds Arthur Joao Donato, president of the Caneco Shipyard and the Rio de Janeiro Federation of Industries, and candidate to the Constituent Congress from the state. According to him, it is necessary to establish the limits of the state's role so that the country may grow. And it is this task that attracts the businessman to politics because he is tired of intermediaries. "It no longer pays to come in through the back door to ask technocrats for measures in defense of free enterprise. The time has come to come to the defense of our interests, but to come in through the front door, that is, elected by direct vote," adds Donato with conviction.

More simple, but very incisive, however, is the message of banker Ronaldo Cesar Coelho, president of the Banco Multiplic and of the Associacao Nacional dos Bancos de Investimento: "I am only a successful businessman willing to participate in political life, placing my personal experience at the service of the public." He is going to run for the Constituent Congress for the PMDB of Rio de Janeiro, party which he joined during the campaign for the presidency of Tancredo Neves and in which he acted as treasurer. He enters into politics, not as a "candidate of my class but to defend the principle of free enterprise." For a banker, up to now the Coelho campaign is going very well. He appears twice a week in the Haroldo de Andrade program, which has the largest audience in Greater Rio (2 million listeners), speaking without restraint in virginity, impotence, marriage, drugs and so forth.

Another businessman-candidate to the constituent congress for the PMDB is Ruy Lage of Minas Gerais, former president of the National Stock Market Commission and former prefect of Belo Horizonte, who also wants to reduce the presence of the state in the economy. Lage, however, rejects the idea of the formation of a bloc" because it is not by electing a half dozen, 10, 20 or 30 deputies that we are going to defend our interests," he says. The correct thing, he argues, is a persistent activity by businessmen to show the political class that they are the vanguard of development. "We are the progressive ones because we create jobs, investments and development. For that reason we deserve to have our interests defended before the state," he asserts.

The idea of the creation of blocs and funds for financing candidacies of businessmen or politicians who support free enterprise is not, at any rate, discarded by many business leaders of the industrial, commercial and agricultural sectors. It is enough to recall, for example, the well known case of Rio Grande do Sul businessman Cesar Rogerio Valente, former president of the Commercial Associations of Rio Grande do Sul, who advocated the use of the economic power of businessmen and their capacity for exerting influence, to insure the election of candidates to the Constituent Congress who are pledged to private capitalism.

The same type of thinking was encountered in various agricultural entities that are gathering funds to elect, according to their calculations and hopes, between 30 and 40 constituent deputies. Organized since the beginning of the New Republic with the objective of preventing agrarian reform, the entities of the Rio Grande do Sul businessmen today have one of the most powerful lobbies in the Congress. In Pernambuco, for example, the leadership of the sugar sector, based on an experience of four centuries of political control, is preparing to compete for vacancies in the Constituent Congress. It is almost certain that in addition to Deputy Antonio Farias, former prefect of Recife and a large industrialist of the sugar and alcohol sector, businessman Gilson Machado Guimaraes of the PFL and

Marcos Perez de Queiroz of the PMDB will also compete. Guimaraes, very much linked to the minister chief of the Civilian Household, Marcos Maciel, defends himself vehemently against the charges that his campaign is going to cost millions. In that respect, the president of the Commercial Association of the Federal District and candidate to the Senate, Lindenberg Azis cury, does not hide his agreement with the fact that economic power "always existed in Brazilian politics," but believes that it only helps the good candidate and is not sufficient for electing the bad politician. That benign attitude with respect to plutocracy is not shared by historian Helio Silva. He sees no ill at all in the representation of the businessmen but makes the reservation that economic power "when it is used abusively," unbalances the political game (see Page 33).

In the world of business, as was foreseen, that wave of candidacies is being received with unusual enthusiasm, primarily in the class entities such as the Sao Paulo State Federation of Industries [FIESP]. Its president, Luis Eulalio de Bueno Vidigal Filho, advocates a constitution that explicitly advocates capitalism, but believes that participation by businessmen in politics is unlikely in a country in which the state controls 70 percent of the economy. According to him, a solution could be a joint action by businessmen and professional politicians engaged in the defense of free enterprise in order to return to the private sector a good part of the share today controlled by the state.

Along that same line of arguments, the president of the Commercial Association of Sao Paulo, Guilherme Afif Domingos (another probable candidate) declares categorically: "It is not enough to be a businessman. It is necessary to be a genuine defender of modern liberalism that promotes a market economy and establishes the state as the administrator of justice in the economic, political and social areas." The greatest support and the defense of the private sector are also the arguments of businessmen of the importance of Matias Machline of the Sharp Group, and Olacyr Francisco de Moraes, president of the Itamarati Group, for justifying the presence of businessmen in politics, while the president of the Fenicia/Arapua Group, Jorge Wilson Simeira Jacob, maintains that the status of businessman does not count for much when the time comes for voting. He says: "The things that count are ideas."

However, there are those who see some risks in that run by businessmen after votes because in the political arena conditions are very different than in the business environment. "The businessman cannot transfer the feeling of omnipotence that he has in business to the political field," warns Luiz Octavio Vieira, president of the Rio Grande do Sul Federation of Industries and of the Banco Meridional, a businessman affiliated with the PMDB. "If he were to maintain that attitude, the businessman would be rejected by politics because party life is built over a period of time with alliances and adjustments," says Vieira, indicated together with Jorge Gerdau Johannpeter, Claudio Strassburger and Luiz Fernando Cirne Lime, as candidate for the governorship of Rio Grande do Sul.

Also from Rio Grande do Sul, Cesar Rogerio Valente believes that businessmen are in the fight for elective posts because "the traditional politicians are leaving empty spaces," although he recognizes that "bad businessmen seek the rehabilitation of their professional failures through political life." The president of the Automobile Parts Manufacturers Union--SINDIPECAS--Pedro Eberhardt, defends the idea that the North American model should be faithfully followed in Brazil. "In the United States, professional politicians and businessmen coexist in Congress," says Eberhardt. And he adds: "After 20 years of a hard regime, it is fair that a large part of businessmen roll up their sleeves and seek a political post that may bring benefits to the industrial sector and, consequently, to society."

Both the president of SINDIPECAS and Marcilio Marques Moreira, vice president of Unibanco, believe that the businessman should not go to the Constituent thinking of class representation. Moreira faces the presence of businessmen as an enriching phenomenon in Brazilian politics but warns: "They will have to become statesmen."

That is also the opinion of businessman and political scientist Celso Lafer. In his opinion, in order to have politicoelectoral practicality, this new presence of businessmen must become a broad message, whidh means a proposal for the resolution of the problems of the nation. During the recent military regime, the action of businessmen was more on the sectoral level but the crisis of Brazilian society caused businessmen to notice that "the solution for their problems depends on the solution of national problems," argues Lafer.

In that respect, the crucial question is to learn whether or not the business sector has the capability for formulating a political plan. "This question is posed not only to the business sector but similarly to the remaining sectors of society," maintains Lafer, adding that there is where the dangers and the challenge of the democratic process reside. "The idea of a modernizing faction of the business class with a clear political plan could have become a reality with the Liberal Front Party," asserts Maria Victoria Benevides, a political scientist and member of the Workers Party (PT), however, when the PFL selected Janio Quadros, "a representative of what there is of the oldest and traditional," doubts arose as to the capacity of this party for formulating and carrying out a modernizing plan.

The same thing happens, according to Maria Victoria, with the candidacy of Antonio Ermirio de Moraes for the governorship of Sao Paulo (See interview on Page 30). "I believe participation in politics by businessmen is perfectly legitimate. However, it must be remembered that such participation always existed, although it was not an electoral participation," she says, emphasizing that the novelty about a candidacy such as that of Antonio Ermirio is the path chosen for exercising power: The polls.

Despite that, according to Maria Victoria, this is a candidacy that shows undeniable traditional elements, since it seeks to present itself as a tactic of conciliation of the class interests used by Vargas. "Antonio Ermirio seeks to show himself as candidate who is not only above parties, but also above the currents of opinion, she says, concluding, "He is trying to emerge as a super Tancredo."

Lafer, in turn, believes that Antonio Ermirio can be a candidate of the middleclass and even receive a significant amount of the worker vote, depending on the support he may receive from the PMDB.

Historically analyzing participation by businessmen in politics, Lafer and Maria Victoria demonstrate that such participation assumed varied characteristics since 1930. According to Lafer, the 1929 crisis and the 30's signalled a moment of great presence of businessmen in public life as a result of a broader proposal that had the objective of showing that the industrialization process meant an important path for resolving the problems of the country. In that context, the study of political activity by businessmen who were public men such as Roberto Simonsen, Horacio Lafer, Jose Ermirio de Moraes (father of Antonio Ermirio) and Euvaldo Lodi, demonstrates that they acted in institutional terms in the Constituents of 1934 and 1946 (particularly Simonsen, Lafer and Lodi) and even in terms of economic policy proposals. The advocacy of economic policies marked the activity of Simonsen in the decades of the 30's and 40's and the proposals by Lafer in Congress or as minister of Finance under Vargas. This great and successful plan of industrialization had its zenith during the development of the Kubitschek Administration, which created the so-called "parallel administration" (the executive or work groups who were responsible for the implementation of the "Goals Program").

This institutional improvisation insured the success of government plans, which received the support of the business sector. The executive groups were made up of businessmen themselves or of their agents, in addition to the more competent officials of the bureaucracy. Simultaneously, the traditional state machine--insistent on placing patronage over competence--also served President Juscelino Kubitschek by providing an opportunity for keeping patronage and the system of favoring colonels, important instruments in the political game.

Maria Victoria recalls that such form of indirect action by businessmen lasted until 1961. In the next 2 years, politics turned extremely ideological, with "rhetorical" threats, according to her, that the country would become a "unionist republic" and that there would be the emergence of a worker, union, peasant and feminine social movement. Businessmen then became aware that their intervention needed to be stronger. As of that time many of them participated with resources and personally in the conspiracy against the legal system led by the Institute for Research and Social Studies [IPES] headed by General Golbery do Couto e Silva, and the Brazilian Institute for Democratic Action (IBAD), which financed candidates who opposed President Goulart under the pretext of fighting the propagation of communism in Brazil, complementing the work of the IFES in the doctrinaire field. Political scientist Heloisa Starling declares that the IPES gathered businessmen "who were in favor of the multinational associated plan." It was, according to her, a sort of clandestine political party.

The military regime installed in 1964 caused the ebb of the explicit political participation of businessmen (just as in the other sectors of society). The business class went on to believe, as in a certain way it was justified at first, that the military-business regime would be favorable to it. At that time, the business sector began to act through pressure groups in the media and class associations. "During the entire period of the military dictatorship, businessmen supported that regime greatly," says Maria Victoria. The split came in 1978 with the "Document of the Eight" (Claudio Bardella, Severo Gomes, Jose Mindlin, Antonio Ermirio de Moraes, Paulo Villares, Paulo Vellinho, Laerte Setubal Filho and Jorge Gerdau Johannpeter), which represented a cry of warning by the business class against unlimited state control of the economy and the growing separation of the business class from politicoeconomic decisions. Horrified, the businessmen saw themselves before the prospect of an economy managed by the state in which the private sector would have an ever-increasingly subsidiary role.

Celso Lafer points out that the end of the 70's marked a new political presence by businessmen. It was no longer a matter of struggling for specific sectoral demands but a matter of analyzing and confronting great subjects such as state control, the return to the state of law, the foreign debt and social justice. Actually, it is concern about those great subjects that arouses the political vocation of many businessmen, who see in this activity the most effective way to place the state and the state companies under the control of laws capable, not only of preserving free enterprise, but also of insuring for it a role in keeping with national development.

What will be the outcome of that political participation by businessmen? Political scientist Kelo Jaguaribe, member of the Provisional Commission for Constitutional Studies, replies: "Brazil is marching inevitably toward a social market economy, nationally regulated in the pattern of European social-democracy." It would be something similar to the Swedish model and very far from the American model. "Backward capitalist countries need the intervention of the state in the distribution of surpluses," he explains. Despite considering that the leaderships of the various social segments seeking representation in the political system is something legitimate, Jaguaribe believes that the most important form of representativeness is that which is channeled through the political parties.

In the Brazilian case, however, 20 years of military dictatorship negatively affected the structure of the parties and weaked their representativeness. In view of that bottleneck, which hinders the political game, a subject that should be on the country's agenda, according to Jaguaribe, is the structuring of a coherent party system--a process underway, but which will only take form after the election of the Constituent Congress.

In the present scenario, according to Jaguaribe, the tendency would be the formation of two large parties and another two lesser ones. The center-right faction would find shelter in the PFL, while that of the center-left would settle in the PMDB (these would be the two large parties). There would be the more radical party of the left between the populism of Brizola and the organizational structure of Lula and to the right, the radical branch would be the PDS of Malus. The PT and PMDB would be the organic parties of the left and those of the right would be the PFL and PDS. There would also be the populism of the right with Janio, and that of the left with Brizola. "The line of the PT is proworker. The PMDB already represents progressive businessmen like Jose Mindlin, Fernando Gasparin, Severo Gomes and, now, Dilson Funaro, well," says Jaguaribe.

In or out of the parties, the business candidates are a reality. Their success however, as political scientists say, will depend on the support they receive from the various political factions, the strictness of the law against abuses of economic power and, above all, on their capacity to propose and adopt solutions for the serious Brazilian social problems.

The Reasons Antonio Ermirio is Running

Received with satisfaction in the Civilian Household of the Presidency of the Republic and with great concern by candidate Orestes Quercia, who is fighting for nomination by the PMDB, the candidacy of businessman Antonio Ermirio de Moraes for the governorship of Sao Paulo hit the political circles of the country like a hurricane. Charisma, personal attractiveness and a shocking frankness have been the characteristics of the public actions of this businessman, who enters the electoral struggle with an eye on the presidency.

In his office located in the old building of the former Hotel Esplanada in Sao Paulo, completely remodeled when it began to house the offices of Votorantim, Antonio Ermirio granted an interview to writer Antonio Carlos de Godoy of EXAME. The following are the main excerpts:

EXAME: You always turned down invitations to occupy public posts. What made you change your mind this time?

Antonio Ermirio: I am convinced that after the economic package, we have an option: All or nothing. I hope that if I were to be elected tomorrow, I would naturally have a certain influence in business circles in the sense of finding the rough spots of the package. More than ever, we are playing the last card. Either Brazil acts properly and continues well or, on the contrary, it sells out and closes down. Sincerely, for a long time I have been undergoing pressure from friends to accept an appointment. Previously, I did not accept several posts because I do not like appointed positions. In the authoritarian Brazil you received an appointment and could carry out your mission right or wrong. In the open and democratic Brazil of today, if you do not have electoral support, you are not going to do anything.

EXAME: Do you consider yourself representative of the business class?

Antonio Ermirio: By the support I have been receiving, I believe that I am not only the representative of the business class but have the impression that I warrant the respect of that class. When I speak of the business class, I am referring to all who produce, because how are you going to extract Brazil from that troublesome situation in which it finds itself? It is by producing more. The appeal I make to the businessmen is to lose their fear and place capital at risk once more. Before, everyone took his reserves and used them in the financial game. Today that is all in the past. We are turning a page in the history of Brazil. That new page has to be of production, capacity and reduction of costs.

EXAME: Is the election for the Constituent and state governorships causing a rush of businessmen into politics?

ANTONIO ERMIRIO: I would not say there is a movement of businessmen to politics. I believe that the situation there depends greatly on each of them, because entering into politics means having to undergo a brainwashing. I have been in politics only a few weeks and I already know, for example, that it is exactly the opposite of what people do in a company, where a small group of directors make a decision and then there is a rush to provide resources so that the program can be carried out in the proper time. In politics you cannot rush anyone because if you did that you would be ruining yourself. Decisions are not just yours. It is necessary to consult the rank and file.

EXAME: How do you view the problem of state control?

ANTONIO ERMIRIO: I believe that private enterprise is the pointer on the scales of Brazilian development. The day that it disappears, there will be a clash between state companies and the multinationals. I never believed in doing away with state control but I did believe in the nonproliferation of state companies because resources are small on this side. We need to have humility to recognize that reality.

Concern about Economic Power; Congressmen Fear Abuses During Campaign

Participation by businessmen in the next elections and the force of economic power in winning votes is worrying many members of the National Congress, particularly those of them who do not have large amounts of money. Estimates made by Congress itself reveal that the election of a deputy who will not have a very clear ideological position--such is the case of the majority of the members of the Legislative Branch--will cost between $1 million and $2 million, depending on the state and political compositions. According to the opinion of legislators, the situation may be less serious for the one who has an established political position or represents a certain category.

The force of economic power (which has already led many legislators to refraining from running for reelection), and the intention to compete by representatives of professional categories, should lead to a replacement on the order of 60 to 70 percent of the present Congress. In previous elections that rate has been on the order of 40 to 50 percent.

Distortion

Despite those figures, congressmen generally agree that businessmen should run for posts in the Executive and Legislative Branches, however, there is the fear that campaign methods will conclude by distorting the election which should serve for establishing the "desires and prospects of society," according to the words of Deputy Jose Eudes, elected by the PT of Rio de Janeiro and today a member of the PDT. He is surprised at the sudden interest by businessmen in being elected to the Constituent Congress. Senator Albano Franco, president of the National Confederation of Industry, naturally does not see that danger pointed out by Eudes. In his opinion, simple regulation of access by candidates of the various parties to free time on radio and television "suffocates a large part of economic power."

On the opposite pole is Deputy Eduardo Matarazzo Suplicy, virtual candidate of the PT for governor of Sao Paulo, who also reveals the threat of the influence of economic power and declares that the businessmen "are seeking executive and legislative posts to consolidate policies or positions favorable to the accumulation of capital."

In the present legislature, 118 deputies (25 percent of the legislative whole) describe themselves as businessmen. The greater part of them (62) is from the agricultural area, while 30 percent describe themselves as industrialists. The remainder are from the retail trade, the area of services or undeclared sectors. The Senate rolls register nine businessmen among the 72 senators.

Another Profession

The way in which some members of Congress describe themselves is strange. Some do not hide their fortunes--one of them is Senator Altevir Leal from Arce, one of the largest landowners in the country; or Deputy Etelvir Dantas from Bahia, who made it a point to list all the companies he owns. There are well-known bankers such as Deputies Herbert Levy and Magalhaes Pinto, but there are also those who avoid listing their business activities together with the position they occupy, among them Senator Jorge Bornhausen, present minister of education, who describes himself as a lawyer, profession likewise declared by Senator Albano Franco, owner of a large fortune and of part of the state of Sergipe. In a similar manner, Senator Severo Gomes, who is an industrialist, prefers the title of "Company Administrator."

Another group prominent in Congress is that of the politicians who are not businessmen in keeping with the traditional concept, but who systematically defend the interests of certain business sectors. In that category are included, for example, Senator Roberto Campos, an intransigent defender of foreign capital and technology in the Brazilian economy, and Deputy Rita Furtado of Rondonia, known for her legislative work in favor of the manufacturers of telecommunications equipment.

8908
CSO: 3342/116

AGRICULTURE MINISTER CITES POSSIBLE 20 PERCENT RISE IN HARVEST

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 20 May 86 p 37

[Text] In an interview with ESTADO, the minister of Agriculture, Iris Rezende, said that he expects a 15-20 percent increase in Brazilian production by the next harvest season. He gave assurance that, "By the 1987-88 harvest, the growth registered should be 30 percent." According to the minister, this increase will not be greater only because of the lack of machinery and tools; inasmuch as the industries, although idle, were not prepared for the change in economic policy which occurred with the economic stabilization plan. Rezende claimed that this anticipated rise in production will entail the use of funds for storage and for building new roads, particlarly in the new agricultural frontiers. He disclosed that the construction of warehouses based on leasing is being studied. The government would guarantee the leasing of the storage unit.

The minister also predicts a revision in the role played by the Brazilian Foods Company (COBAL) in the supply sector. He claims that COBAL should operate in a supplementary manner, occupying spaces "not provided for by the large wholesalers dealing in dry and liquid provisions, selling to small dealers." According to Iris Rezende, the difficulties being confronted at present by milk producers are due to problems related to the drought which occurred at the beginning of the year. As he explained, the price would be a serious problem if the government had not announced the adoption of measures to aid the producer: a 30 percent subsidy for powdered and liquid milk.

Iriz Rezende thinks that, by the next harvest, the country will be self-sufficient in corn and rice. He explained that, to achieve this, a 20 percent increase in the production of these two products would suffice to enable Brazil to stop importing them and start forming regular stocks for the next 2 or 3 years. He underscored the importance of the government's allocating funds for investment, an essential requisite for raising production. The minister thinks that, after the Cruzado Plan, there will be a great deal of investment of funds by the producers themselves, in agriculture. As a means of promoting that procedure, he said that the revision of agricultural insurance, which should also ensure the farmers' own funds, is being studied.

To hasten the agricultural sector's production process ("which was left for some time devoid of funds"), the government will appropriate 80 billion cruzados. Iris Rezende stressed that the country has a need for all products.

2909
CSO: 3342/123

PARANA STATE DELEGATION MEETS WITH ZHAO ZIYANG IN PRC

OW021440 Beijing XINHUA in English 1422 GMT 2 Jun 86

[Text] Beijing, 2 Jun (XINHUA)--Chinese Premier Zhao Ziyang said here today that there exist broad prospects for the growth of Sino-Brazilian friendly relations and cooperation both in political and economic fields.

He made these remarks at a meeting with a delegation from the state of Parana of Brazil led by its former state governor Jose Richa here this afternoon. The delegation will go to Hangzhou to sign an agreement on the establishment of friendly ties between Zhejiang Province and the state of Prana.

Richa handed a letter from Brazilian President Jose Sarney to Premier Zhao. In his letter President Sarney expressed his wishes for further strengthening Brazil-China friendship and cooperation. Zhao said he shared the same desire with President Sarney.

He praised the Brazilian people's achievements in their economic construction and for their efforts to overcome difficulties.

Zhao said the two countries had much in common and should learn from each other's experiences. He noted Brazil's experience in combining the use of foreign funds with the development of its natural resources.

The Chinese premier briefed the visitors on China's economic situation, and expressed his confidence in its future development. "We have found the way of building China in the light of its concrete conditions," he said.

Richa said many Brazilians wanted to know more about China despite the distance separating the two countries. The two countries should develop their cultural exchanges and strengthen economic contacts for their countries' prosperity.

Zhao said the Chinese Government supported the establishment of friendly ties between Zhejiang Province and the state of Parana.

/9738
CSO: 3300/81

CONSIDER PROJECTS 15 PERCENT RISE IN NONFERROUS METAL SECTOR

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 14 May 86 p 23

[Text] Yesterday, the executive secretary of CONSIDER (National Council for Nonferrous Metals and Steel),of the Ministry of Industry and Commerce, William Rocha Cantal, announced that the nonferrous metals sector should show a growth of 15 percent this year, with the exception of lead, which is reducing its share in the domestic market as a result of the decline in prices on the international market.

Willian Cantal met last week with FIESP (Sao Paulo State Federation of Industries) to discuss the supplies of the production sectors. The assessment that the government is making of the sector is aimed at evaluating the supplies of raw materials to serve as a basis for growth in the industrial sector. In that assessment, the import requirements will also be estimated.

In the area of lead, there is concern from a future standpoint, because the country is reducing its share in the market owing to the low prices abroad. The average price of the lead sold in Brazil is $700 per ton, and the imported lead goes for $450 per ton FOB. According to Willian Cantal, CONSIDER's basic concern is to make an analysis of the sector, because there is a possibility that, within a few years, the product will not exist any longer, as a result of the lack of money for investment.

In the aluminum sector, there is a prospect for 15 percent growth, because the demand is quite heavy. The secretary of CONSIDER thinks that Brazil has attained a "very good" production profile in that area, with the producing companies (Alcan, Albras, and Alumar, among others) in an expansion phase. Production amounting to 1 million tons is anticiapted next year.

The estimated growth of zinc also stands around 15 percent, with the expansion of the three factories: Mineira, Paraibuna, and Inga. In the nickel area, the demand is also quite heavy, and the anticipated growth exceeds 15 percent.

2909
CSO: 3342/123

BRAZIL

BRIEFS

NO NEW MONEY NOW--"At present, Brazil needs nothing from the market in terms of additional funds. The trade surpluses are sufficient to ensure the country's current requirements being met." This was the position that the president of the Central Bank, Fernao Bracher, set forth at the 64th annual meeting of the Association of Banks for Foreign Trade of Arizona, in the United States. He added that the country is preparing for its return to the international credit markets, carefully and without haste, offering good risk levels in the appropriate time and manner; because it does not want to continue being an exporter of nearly 5 percent of the gross domestic product. With regard to the already existing public and private debt, Bracher explained that no rephasing was being required for the debts contracted after March 1983. Their payments are up to date; and the same thing holds true of transfers. As for the debt contracted before March 1983, two procedures are being adopted: If the creditor is the holder of a bond, or a non-financial enterprise not guaranteed by the government, Brazil would pay and transfer the amount in its entirety when it falls due. A similar procedure is used if the creditor is a multilateral organization. In the other instances, they will sit down at the table with the creditors to seek a method of administratively establishing the rules for the revolving of the debts. [Text] [Sao Paulo O ESTADO DE SAO PAULO in Portuguese 20 May 86 p 32]

JOINT VENTURE WITH SWEDEN--Yesterday, in Rio, the Army minister, Leonidas Pires Goncalves, announced: "A joint venture company could be created, with the participation of a Swedish and a Brazilian group, to operate in the arms sector." Today, the minister leaves for Europe, and on Monday he begins his official visit to Sweden. Prominent on Minister Leonidas Pires' schedule are visits to the Bofors, Ericsson, and FFV Ordenance companies, in addition to others categorized as suppliers of equipment for military use. The minister will also visit the Army Command and the leading military installations of that country, accompanied by his host, the commander in chief of the Swedish Army, Erick Bengtsson. General Leonidas has made no secret of his interest in the Swedish equipment, particularly considering the fact that 5 percent of the equipment to be manufactured for integration in the FT-90 (Land Force-1990) project will be imported, through a transfer of technology. The land force is interested in the 155 mm guns and ammunition manufactured by Bofors, as well as antiaircraft and antitank missiles, and antiaircraft gun systems mounted on armored vehicles.

The general announced that the cooperation that exists between Brazil and Sweden now makes it possible to nationalize the "Bofors" guns currently being produced by the CBV-Machine Industry, of Rio. The model being manufactured is a 40 millimeter weapon, and will be supplied to the three military branches. Specified from Ericsson were the firing surveillance and target search radar, as well as components of a system of various weapons and equipment used for electronic warfare. FFV Ordenance has already arrived as a large supplier of light antitank defense systems, with their ammunition; while the subsidiary of Philips in Sweden may cooperate with proximity fuses for grenades of various calibres, antiaircraft missiles, and firing command, control and guidance systems. [Text] [Sao Paulo O ESTADO DE SAO PAULO in Portuguese 9 May 86 p 5] 2909

CSO: 3342/123

TELAM: 'OUTAGE PLEBISCITE' AGAINST PINOCHET FAILS

PY311921 Buenos Aires TELAM in Spanish 0443 GMT 31 May 86

[Text] Santiago, 30 May (TELAM-EFE)--A "power outage plebiscite" called in protest for the resignation of General Augusto Pinochet from the presidency failed tonight in Santiago.

"Each light that is off will mean a vote in favor of the resignation of the president of the Republic," the pamphlets calling for the outage plebiscite said.

This outage plebiscite was called by the Humanist Party [Partido Humanista] and the Democratic Intransigence Coalition (which is made up of opposition parties from the center and left except for the Christian Democracy). It was scheduled to take place at 0200 GMT.

According to the organizers, the people should have turned off the lights in their homes and vehicles for 5 minutes to express their vote against Pinochet.

EFE could verify that no meaningful outage took place at the scheduled time by the lights in the city and in circulating vehicles.

A few hours before the scheduled outage plebiscite, the police arrested 390 students during street riots staged to protest against the municipalization of education. The students also requested the dismissal of Education Minister Sergio Gaete.

According to the students, the transference of the grade schools and high schools to the municipalities will eventually mean the end of free high school education, and it will force the main high schools to be sold to the private sector.

/9738
CSO: 3348/621

SEGUEL CONSIDERS CIVIC ASSEMBLY AS 'LAST HOPE'

Buenos Aires CLARIN in Spanish 9 May 86 p 25

[Interview with National Workers Command head Rodolfo Seguel, by Carlos Eichelbaum, in Buenos Aires, May 1986]

[Text] "The Civic Assembly is the greatest, the most important thing that has been achieved in Chile under Augusto Pinochet's dictatorship; it is the last hope for Chile and has the historic responsibility of leading the country in the peaceful, democratic opposition in which we believe."

This summarizes the analysis of the status of the political and social opposition to the military regime made for CLARIN by the miners'union leader, Rodolfo Seguel, head of the National Workers Command, the most important trade union structure in the trans-Andean country.

Seguel (who is in Buenos Aires to participate, today and tomorrow, in the meeting of the Argentine Committee for Solidarity with Chile) is also a member of the leadership of the Civic Assembly, a new structure in which all sectors of the opposition converge, created on the basis of the social organizations and not the political parties, whose differences had, up until now, prevented progress in the pursuit of a unified strategy against the government.

[Question] What new level has been opened up for the Chilean opposition since the advent of the Civic Assembly, if one considers the fact that, owing to its composition, this structure could to some extent mollify the differences obstructing an agreement between the center coalition, Democratic Alliance, and that of the left, the Popular Democratic Movement?

[Answer] The Civic Assembly is the most important thing that we have succeeded in creating during the dictatorship period, because all the country's social organizations are in it. It is comprised of residents, workers, students, professionals, transportation and commercial business owners, and women. We workers attach the very top priority to the agreements achieved within the assembly, because it is the last hope; the last hope for unity in Chile lies in the Civic Assembly. Hence, we are working hard there; we are promoting a more extensive antidictatorial battle from there.

The agreements mentioned by Seguel, slightly over 2 weeks ago, originated the so-called Chilean Petition, a document which, after giving a description of the state of political, social, and economic crisis in which the country finds itself after 12 years of a military regime, proposes a series of demands, starting with the request for the immediate enactment of a process of democratic transition. The document was submitted to the government, which was given a period of time in which to address the demands.

The Immediate Steps

[Question] What steps is it planned to take now, in the Civic Assembly, after the police repression against those participating in the ceremony called by the National Workers Command this past May Day?

[Answer] The submission of the petition with the demand for a response before 31 May was a major challenge made by Chile to the dictatorship. From now until 31 May we must socialize this document; we must inform, create branches of the assembly in the provinces, and begin mobilizations aimed at backing the organization and the petition. If the dictatorship does not respond (and I don't think that it will respond), it is up to us, as an assembly, to lead the country in the opposition. This entails calling for national, sectorial, and regional demonstrations. I believe that the Civic Assembly, and those of us heading it, have the historic responsibility of leading the country as a whole in the peaceful, democratic opposition in which we believe.

[Question] Does the purpose of this activity involving overall leadership in the opposition consider the possibility of calling a national strike for an indefinite period of time?

[Answer] That is what we have proposed as the National Workers Command, with the intention of having the summons emerge from the Civic Assembly. If, for any reason, the assembly should not call for a strike with those features during this first half of 1986, it would be the CNT that would assume the responsibility for making it materialize.

Opposition and Violence

Proposed as a surmounting agent on the path to unity of the opposition, the Civic Assembly is, in any event, confronted with one of the key issues of the Chilean reality and an area of the main conflicts between the Democratic Alliance and MDP: that of whether or not to accept violent types of confrontation with the regime.

The parties comprising AD have constantly rejected the action of guerrilla organizations, such as the Manuel Rodriguez Patriotic Front; whereas MDP considers them necessary to respond to the "oppressive violence."

The issue of violence is very difficult, highly complicated. We in the trade union organizations have said that a violent regime, with so much force, is not going to be conquered by using violence against it from the other side.

We don't believe in the violent route, because we have neither weapons nor organization with which to face an army that is in a state of war against an unarmed people. But I refer to the latest document released by the Vatican, containing a reminder that it is Catholic Church doctrine that peoples who have been subjected to a tyranny for many years have a right to resort even to certain types of violence in order to bring about change, to bring an end to their suffering. Violence for the sake of violence, to have more deaths on our shoulders, is one thing; and exerting greater pressure, applying more duress to end a violent regime, is something else.

Armed Forces and the United States

[Question] There is a certain amount of consensus in Chile and the world regarding the need, accompanied by pressure from the opposition, to reach an agreement with some sectors of the Armed Forces capable of distancing themselves from Pinochet, so that some chance may be given for a democratic solution. Do you share those expectations?

[Answer] The Armed Forces should take the summons that we have given them, to assume the responsibility of bringing about a peaceful political change in the country, very seriously. Whether our country continues to be drained, or returns to the democratic path, depends upon them. It should be made quite clear that we do not want an internal confrontation in the Armed Forces. We do not want a civil war, nor a confrontation between the Armed Forces and civilians; nor a serious conflict among military sectors. We want the Armed Forces as a whole to assume the responsibility for ending our suffering.

[Question] It is also claimed that the United States' position regarding Chile is essential for hastening or delaying the democratic solution, particularly since Washington voted at the UN to condemn the state of human rights in Chile....

[Answer] We appreciate the change in the United States. We appreciate the fact that, after 12 years of military dictatorship, the United States has realized that human rights are actually being violated in our country. We are happy that it has moved from a silent policy to an open policy.

[Question] Do you believe that the effect of the American position is really such a deciding factor for the direction that the process may take in Chile?

[Answer] One must assume a realistic position. And reality tells us that the United States' position has a critical influence. The fundamental role is ours; it is the Chilean people who must bring about the political change; but it is impossible to disregard the importance of the stances that Washington assumes in connection with our country.

2909
CSO: 3348/594

ABELIUK PROMOTES 'PEACEFUL SOLUTION' NOW

Santiago COSAS in Spanish 15 May 86 pp 19-20

[Interview with Social Democratic leader Rene Abeliuk Manasevich, by Juan Carlos Camus, in Chile, May 1986]

[Text] Those familiar with Rene Abeliuk Manasevich describe him as a calm politician. "Which doesn't imply that one is not very firm in his positions," is the immediate defense made by this 55-year old lawyer, head of the Chilean Social Democratic movement and a member of the National Accord, who attended the meeting in Caracas last weekend.

Before departing, he told COSAS how difficult it was becoming to maintain conciliatory positions in Chile, a country which, in his judgment, "is beginning to be polarized, because people observe the courses of action cut off." And Abeliuk thinks that this has a very obvious origin. It began with the Constitution of 1980: "The people who read it were appalled when they saw what the plan is. This is a dictatorial constitution, and a device prepared completely on the basis of one person. It was made to fit one person, later attempting to establish an extra insurance so that, in the event that the government should fail, a minority might be able to govern the majority."

[Question] Is the Constitution of 1980 leading to that?

[Answer] The constitution has been clearly programmed to have a minority govern, and with a final insurance, namely, to resort to the Armed Forces again, so that they may maintain the government of a minority. That has been stated in the National Security Council, which is the same Government Junta that will continue after the year 1989 with a different name and with a few civilians as an ornament. And it has a monstrous authority, namely, that of representing anything for any agency, including the Congress of course, which has been diminished per se, and which must receive more pressure upon it from the four commanders in chief.

In an assured tone, almost like a professor giving a course, Rene Abeliuk goes on to detect problems and provide solutions for them which, in his view, are suitable.

[Question] What would help to change the polarization system that is evident at present?

[Answer] It's very simple. I believe that the majority of the country wants a peaceful, agreed upon solution. The country doesn't want war; it wants peace; it wants to live calmly; it wants neither terrorism nor violence; it doesn't want any of those things. The majority of the country desires a solution of the type that we have been proposing.

[Question] A negotiated solution?

[Answer] Negotiation, reaching agreement....But what is lacking is something else; it is the decision of the government and, primarily, of General Pinochet, to give the country that solution. And I believe that, on the contrary, their obvious, clearcut decision is to have this country polarized.

[Question] Why do you think that?

[Answer] Because what their advisers have certainly studied is that, if faced with the possibility of a Marxist victory, the country would become aligned in halves; because, historically, the one that has always won has been the non-communist. So, the gamble of Pinochet's advisers, or his own, personally, is that, in 1989, the battle will really be between the government and Marxism; which is completely false, because that is a false battle, it's not so....

[Question] What is the real battle?

[Answer] It is the effort to impose on the country a formula that will mean the perpetuation of the present regime indefinitely, or giving it a democratic solution wherein the people will vote. The Communist Party is obviously a minority here. A country has never opted for Marxism-Leninism in elections. They may have elected a ruler, as in the case of Salvador Allende, but the rest of the institutions were not such. On the other hand, yes, that has come by way of the overthrow of a dictatorship with the features of the one that Chile is experiencing.

[Question] Will it come to that in Chile?

[Answer] If the country continues to be polarized and is forced into a solution of a breaking type, with a popular uprising...it could. It's the only possibility.

[Question] Would the democratic solution that you mentioned before be achieved through meetings, such as the one held by Minister Garcia with National Union?

[Answer] I, personally, have the following fear. Faced with the intransigence shown by General Pinochet in all his speeches, what could his interior minister do? If one also bears in mind what happened to Minister Jarpa on the occasion of his dialogue with the opposition. At the last meeting, there occurred the beginning of an agreement, to form some joint commissions from both sides to study reforms to the constitution, the complementary laws. And if agreement were not reached, ultimately there might be a plebiscite, to let the country choose. General Pinochet immediately left for the south, and said: "Dialogue, dialogue all you want; there will be no concessions."

[Question] In other words, the current diaolgue is not leading anywhere?

[Answer] No, I cannot say that. On the contrary, I hope that it will contribute something positive. If one is an advocate of negotiation, any negotiation is good, but on the condition that it is serious. As we lawyers put it, with a intention to oblige, and not to procure political or politically maneuvered dividends.

[Question] Such as what?

[Answer] Such as attempting to make holes in the Accord or to have the MUN [National Unity Movement] incorporated into the system for issuing the political laws. Because that is the government's story, that it is democratizing because it is issuing political laws. It must be very clearly realized that all the dictatorships in the world have a constitution and political laws, but they continue to be dictatorships all the same. Hence, the mere fact of issuing laws and holding electoral registrations does not, of itself, represent progress; because that is part of a system that has not changed, namely, the Constitution of 1980, which is still dictatorial.

Solution By Way of Reform

[Question] Don't you see any desires for openness in the government?

[Answer] There must be sensible people in the government. They cannot all be in favor of this dangerous game of polarizing, which brings potential immediate dividends, but with a frightful long-term problem; because it has a country at the brink of war. I believe that there are sectors of the government, of the Armed Forces, and right wing sectors, which support this regime, but which also want to seek some type of solution.

[Question] Do you observe any sign of that search?

[Answer] There are the statements made some time ago by General Matthei, who was the first one to start them; those of Admiral Merino and, to a lesser extent, to be sure, those of the National Guard, regarding the need for making reforms to the Constitution of 1980. I think that there is a virtually unanimous national awareness that the constitution as it stands is useless; it is not leading to democracy but, on the contrary, it is exacerbating the conflict.

[Question] If the government would accept the reform, what could the opposition offer in return?

[Answer] Having a solution by way of reform is a compromise on the part of the opposition, because, as opponents, we consider the Constitution of 1980 to be illegitimate and antidemocratic. To us, it would be ideal to return to the Constitution of 1925 with the reforms that it needs, which are not so many, or to make the first Congress a constituent one Since both sides have to yield in any negotiation, we could omit the discussion of the origin of this constitution, and make it the starting point of a process of democratization that we would legitimize with a plebiscite.

[Question] In other words, a solution by way of National Accord?

[Answer] National Accord is an indication of good sense among the Chilean political forces, such as has not been seen in the country for years. All the parties, some more and others less, have made concessions for the sake of offering the country a rational, wise solution. But what did the government and the authorities do? They tried to destroy the Accord instead of receiving it as they should. The country accepted it with a sigh of relief, but they engaged in destroying it, fostering disagreements and triggering arguments.

[Question] With the cooperation of the politicians....

[Answer] It must be clearly understood that these are not regiments; these are political parties. Therefore, the people's opinion is respected here; there is no one who can give orders here. Those of us who were in the discussions of the Accord observed that there is really a new spirit among Chilean politicians, which means that we have learned the lesson the hard way. These past 12 and a half years have been very hard, not only for politicians; they have been hard for the country. Therefore, we don't want a repetition, and the threat of the return of an authoritarian regime to power will act as a restraint to prevent people from excesses. Naturally, with Accord rejected, the sectors claiming that there are no chances for an understanding, which are very much in the minority, seem to be correct. I don't believe that they are; I believe that it is a voluntarism unwilling to negotiate, and that ultimately we shall have to take that route for a solution. The problem is that one hopes it will not be too late.

The Obligation to Hold Dialogue

[Question] But you will have to convince the government to hold dialogue....

[Answer] To hold dialogue, or merely to make the minimal reforms that have already been proposed. When one talks about negotiation, he is essentially talking about an agreed upon break; which is the name that is given to this type of solution, wherein it is often not even necessary to sit down at the negotiating table.

[Question] And how is dialogue prompted?

[Answer] The military regimes embark upon problems of internal crises and, to survive, they take any type of action, such as the sort that is being used here; and I shall not claim that violence comes only from the government, no. The government is the one using it to a greater extent, because it has greater strength, but there is no doubt that some sectors are taking up the gauntlet.

[Question] Which sectors are those?

[Answer] They are right or left wing extremist groups, because they exist on both sides.

[Question] Is the Communist Party among them?

[Answer] We very very critical of the PC's position because, to put it mildly, it is quite ambiguous regarding the issue of violence, claiming that they do not reject any of the methods; and when they say that, although the Manuel Rodriguez Patriotic Front is not their armed branch, as others maintain, they express sympathy and understanding for it. The PC is absolutely mistaken in that position. There is not the slightest doubt that, if we we embark on a process and there is a free election, the PC will, at best, have to maintain its historical forces.

The Solutions for Democracy

[Question] And what type of democracy could Chile have, with a PC that accepts violence, and with the Armed Forces participating in politics?

[Answer] Both things must disappear in order for democracy to exist.

[Question] How can they be eliminated?

[Answer] When the country provides itself with a solution, it will immediately recover its good sense and there will be imposed what the majority have in mind, and they want this peaceful solution. Consequently, the Armed Forces will have to be subject to the civilian authority, because that is the basis of an institutionality; not even the basis of a democracy, it is the basis of an institutionality. Now when they have greater participation and significance, everything can be talked about and discussed.

[Question] And what about the Communist Party?

[Answer] The PC in Chile has traditionally acted within the institutionality. This history of tolerating violence is completely new. But there will be a sector of the country engaged in terrorism,,on one side or the other... Unfortunately, this is an evil of the times.

[Question] And what can be done with them?

[Answer] The only thing that cannot be done is to imitate their action, which is offering them violence from the other side, because that legitimizes their violence. They must be isolated. Under democracy, and if democracy solves the country's real problems, the terrorists will gradually be eroded, because they lack the people's support, and they will end up being defeated, as they have in many countries.

[Question] Would democracy put an end to all the nation's problems?

[Answer] No. It would be irresponsible for anyone to claim that all problems will be solved by the magic wand of democracy. A group of problems will be solved, such as the country's polarization; because there will be a means for solution, namely, an election. With the problems that confrontations among Chileans are causing mitigated, we can all join in a task with everyone's participation; because nations progress when all their people feel that they are included in a task.

[Question] Like in 1973, when many did their part for the reconstruction?

[Answer] But that was one sector which defeated the other.

[Question] And wouldn't it be the same thing now?

[Answer] No, if we are not calling for the regime's overthrow. What we are seeking is a solution arrived at with the regime, precisely so that the Armed Forces will not have to withdraw beaten. The problem is that, by playing a bad political card, they are running that risk. And the worst thing that could happen to them is to become distanced from the Chilean people from whom they come.

[Question] And how can the alienation be avoided?

[Answer] The problem lies in the fact that there is a real decision, which is lacking at present, about restoring democracy to the country. There is a real decision to continue with the Constitution of 1980.

[Question] How much time is there for making that decision?

[Answer] I believe that we are at the right time for the peaceful, agreed upon solution, which is still possible, easy, and with the least obstacles. But as time elapses, it will work against this, and a time will come when it becomes impossible. This constitution goes into effect in the year 1989, and the country will be forced into the solution by way of a break; because the constitution will be unchangeable after that year.

2909
CSO: 3348/594

CHILE

SHANTYTOWN LEADER ASSESSES RECENT GOVERNMENT RAIDS

Santiago ANALISIS in Spanish 20-26 May 86 p 44

[Interview with CUP leader Eduardo Valencia, by Patricio Acevedo; date and location unspecified]

[Text] He is still burdened with two lawsuits against him. The first one was prompted by the beating that Eduardo Valencia received on 1 November 1984 from the police forces. He is accused of "attacking National Police..." The second is because, together with other social leaders, he called for the protest of 14 September 1985. At the present time, he heads the Metropolitan Settlers Coordinating Committee, is leader of the Settlers United Command (CUP), and serves on the council of the Civic Assembly, representing the settlers. He claims that it is only through unity that his sector will be able to confront the onslaughts of the dictatorship, and that "a prolonged national strike is the best tool for putting an end to Mr Pinochet and the few allies who still surround him."

[Question] During the past few weeks, verious settlements have been raided by Army forces, with the cooperation of the National Police and the security services of the military regime. What is the main objective that you see in these "operations"? Don't you think that this is immobilizing the settlers' movement to some extent?

[Answer] It is a fact that the regime has been harassed politically. Every day, its followers are becoming fewer. The dictator perceives this very clearly and, in his desperation, is making use of the only device that he has: the force of arms. He doesn't have the slightest qualms about using young draftees to invade modest settlements, raid dwellings, and terrorize women and children, while at the same time resorting to branding men as if they were animals destined for slaughter. Nevertheless, I think that the dictator is mistaken once again if he believes that, with this type of action, he will deter a people who, although unarmed, are determined to put an end to all this. Quite the contrary: one observes the people increasingly filled with greater anger (and I would same hatred sometimes) toward a dictatorship which, isolated and cornered, is seeking to keep itself in power using all types of methods. Now what is really disturbing is to see that the people in the settlements no longer make a distinction between Pinochet and the soldier who assaults with rifle blows those who have no means with which to defend themselves. And it seems to me that this is something that the Armed Forces must understand, for once and for all: it is no longer a matter of the settler blaming the dictator for all his poverty. No, he also pours out all that wrath against those who are rendering service for that war which Pinochet has declared on the people of Chile. In the settlements, hunger is increasing, the humiliation is great by now, and the desperation of those who are trampled upon every day is suddenly turning into an irrepressible rage. I think that it is precisely in the settlements that the dictator is most detested.

[Question] But the Independent Democratic Union (UDI), of an obviously government-backed persuasion, also seems to be very much present in the settlements.

[Answer] That is another one of the lies that the dictator uses in an attempt to conceal his desperation. Yes, it is true that the little gentlemen from UDI have arrived in the settlements with the sponsorship of their mayors. One sees them snooping around there amid the poverty, to take advantage of it. Making use of state funds, they offer "all this and heaven too" to many comrades who, because of a terrible reality such as the one they are experiencing, are sometimes forced to accept a position in the POJH [Employment for Heads of Households Program], and even in the PEM [Minimum Employment Plan], to go gardening on the outskirts of some municipality that is in "UDI hands." I challenge these little gentlemen, if they really have a solid organization on the settlement level, let's have a public debate, so that they can tell the people to their face where the money that they go around offering so "generously" comes from. They have even gone so far as to use the murder of the businessman Simon Yevenes scandalously and with complete brazenness. Now the little gentlemen from UDI must be happy: today they can tell the dictator that they even have a "settlement martyr."

[Question] You are a member of the Civic Assembly Council. What is the role that the settlement sectors are supposed to play in it? What prospects do you observe for the Assembly?

[Answer] The Assembly is an expedient that we value enormously. It is the first time that settlement sectors have had an active participation in an agency of that scope, wherein they have challenged the regime, united, and have proposed real alternatives for the country. In the "Demand of Chile," many of the settlers' aspirations for winning freedom and for building a future democracy are put forth. We think that it will necessarily be the definitive mobilizing element. I do think that there is something which still needs to be further developed, namely, the prolonged national strike. We settlement leaders clearly realize that the only way of ending the tyranny is through a prolonged national strike. Pinochet cannot withstand that, and the Armed Forces will have to start talking then; because I refuse to believe that they will drag the country into a civil war at Pinochet's command. This is why I believe that the Civic Assembly must progress further still, and tell the country directly that only a prolonged national strike will remove the dictatorship from its position over us.

2909
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MDP'S ALMEYDA DISCUSSES OPPOSITION, PROSPECTS FOR DEMOCRACY

PY220038 Santiago ANALISIS in Spanish 13-19 May 86 pp 19, 20

["Exclusive interview" granted by Manuel Almeyda, former People's Democratic Movement [MDP] president and one of the top-ranking leaders of the Chilean Socialist Party, who has been underground since 1984, to Patricia Verdugo--date and place not given]

[Excerpt] [Verdugo] How does Chile look from the underground?

[Almeyda] Within the last few months Chile has been treading a path that clearly is leading to a process of change. People have become aware that unity at all levels is indispensable. This is the most powerful tool that Chileans can brandish to end the dictatorship. This is what the MDP has been promoting since 1983, but at that time we were unable to achieve the understanding of other political forces. However, facts have shown that we were right.

[Verdugo] Where do you see this change?

[Almeyda] There is much evidence showing that progress has been achieved along the lines of social and political unity. Agreements have been achieved in the social sector, such as in the case of the women who have shown their capacity to work together and to mobilize other sectors as well. They have had a preponderant role in the struggle against the dictatorship and have shown that they are more politically mature than the leadership of the political parties.

The same has happened in the youth sector. We must not forget that the youth sectors of 11 political parties have signed a joint working agreement. We can also mention the National Workers Command [CNT]... but all of this has a double meaning: it is a social agreement to undertake a joint struggle and a budding political agreement.

[Verdugo] And just as the 1985 National Accord excluded the MDP, the 1986 Civil Assembly has included it...

[Almeyda] That is right. This is the most important success that has recently been achieved because we believe that the dictatorship will fall through the joint action of the whole opposition sector.

[Verdugo] But this political agreement is not that clear. Although the church has publicly accepted the MDP, the PDC [Chilean Christian Democratic Party] publicly does not admit to holding meetings with either the communists or with the MDP as a coalition...

[Almeyda] I believe this is changing, and that this is an issue of concern within the dictatorship and the rightist sector that supports it. The Civic Assembly and everything that is developing around it is heading for an understanding, an agreement that goes far beyond a joint mobilization.

I think that when the PDC realizes that there is no chance of a dialogue with the dictatorship, it will open up to greater understanding with the left. I believe this is imminent because the dictatorship is very clear and explicit about its rejection of dialogue.

[Verdugo] But the PDC does not talk about a dialogue with the dictatorship, but rather with the Armed Forces...

[Almeyda] A dialogue with the Armed Forces is impossible. The day that a dialogue can be held with the Armed Forces will be the day that they have rebelled against the dictator.

[Verdugo] How then do you explain the refusal to reach a political agreement with the left? Is it out of fear of not being accepted by the Armed Forces or the United States?

[Almeyda] The trouble is that they are about to achieve a change that will imply the basic preeminence of the centrist sectors. They fear that a firm, decided, and intrasingent struggle against the dictatorship will grant the leftist sectors more political gains, greater possibilities of developing after the dictatorship.

The center prefers an outcome where it will play the main, hegemonic, and probably the only role. And when I say center I do not mean only the PDC but also all the other parties and subparties that the PDC itself has cultivated with the purpose of giving the sensation of greater support in its political struggle. But this plan is restricted to the real possibilities of dialogue and agreements with the regime. Since this is not possible, it is accepting a dialogue with the left. This is a process...

[Verdugo] Does the unity you seek entail an agreement on who will participate in the post-dictatorship government?

[Almeyda] There are two types of agreements. The center does not reject agreements on concrete programs to struggle against the dictatorship, that is, social agreements. But it is against political agreements designed to combat the dictatorship and that will lead to, at least, a provisional government.

[Verdugo] An agreement on the provisional government was reached with the foundation of the Democratic Alliance [AD]. And the bases for the future government were set in the National Accord where part of the official right [National Unity Movement, MUN] joined the AD. Your movement was excluded from both...

[Almeyda] That's correct...

[Verdugo] What degree of participation in the post-dictatorship government would you demand in exchange for unitedly struggling with the center?

[Almeyda] What is necessary is a programatic political agreement to support a transition government and to reach an agreement on how this government would be set up. But it is the Chilean people who must definitely decide who will head it. Therfore, we believe that the people's sovereign decision should be sought as soon as possible, not only to make a decision on the new government through a constituent assembly but also to elect their legitimate representatives before the legislative and executive branches. This would be truly democratic.

[Verdugo] What is the reason for so many complications, then, if the people in the end will be the ones to decide who will govern?

[Almeyda] The problem is that the center, because it is legitimate, aspires to be the heir. The leftist parties also aspire to be the heirs so we can conduct the process that will come after the dictatorship. It is quite legitimate, therefore, that they, as well as we, establish the most favorable means of struggle. We believe that our formula is the only feasible one and that it allows the best development of our own forces.

[Verdugo] Now then, look at the prospects from the point of view of those who honestly believe that the possibility of a leftist government, democratically elected, may repeat what happened in 1970, when the U.S. Government decided to eliminate it right from its beginning. Do you believe that a leftist government is feasible in Chile?

[Almeyda] It is not only feasible but it is also the only feasible government. It presupposes that the future democracy will have a deep-rooted impact on the country's institutionality. I am not talking about replacing the 1980 Constitution with an amended 1925 Constitution. I mean that it will have a deep-rooted impact on the country's institutions and branches. I mean that we must be capable of making formal and ideological changes within the Armed Forces and of having military commanders replaced through judicial procedures. Deep-rooted changes must also take place in the judicial branch.

This new democracy must turn the organized people into the axis of the country's political power. It should be a real democracy and not just a mere declaration of intentions that could be easily sidestepped by powerful nonpolitical economic sectors. And I am not talking about expropriating goods from half of the population, although I believe that the financial monopoly must be destroyed and that the country must be freed from the U.S. influence to a great extent. These are not socialist proposals, they are democratic proposals, and I am sure that most of the members of the center will agree with them. I am sure that the great majority of the PDC will agree to the creation of a real, deep-rooted, concrete, and authentic democracy.

If we are capable of creating that type of democracy, with a political economy that will comprise the entire country, we will be able to overcome the crisis. It must be clearly understood that right now we are not struggling for socialism. We are struggling for democracy because the struggle right now is between the dictatorship and democracy...

[Verdugo] Certain political experts have maintained for some years now that the dictatorship-democracy struggle is only apparent and that what really is at stake--allowing the dictatorship to remain in power--is the struggle between capitalism and socialism...

[Almeyda] Yes, I admit that that conflict is latent.

[Verdugo] Therefore, I repeat, do you believe that a leftist government is feasible in the Latin America of today, with the United States of today, with the current Nicaraguan experience? Do you think it is possible without leading Chile to another bloodbath?

[Almeyda] The only path for Chile is the development of a deep-rooted democracy leading toward socialism. If this does not happen and we once again resort to development formulas as in previous governments, some of which were more populist or more technocratic than others, Chile is not going to overcome its crisis. Quite the opposite, the frustrated expectations are going to lead to a growing polarization with the threat of a new reactionary insurrection as in 1973, thus only starting the vicious and bloody circle once again. The only possible outcome is revolutionary democracy, as we call it.

[Verdugo] Does this mean breaking relations with the United States? Remember that Nicaragua, where power was reached through an armed victory, was not able to do this owing to the risk of a reprisal...

[Almeyda] I think that we can break away from the direct U.S. influence as other countries have done. This is possible because, from the geopolitical point of view, we do not have the same importance as Nicaragua; we are not situated only a few miles from U.S. territory...

[Verdugo] Despite the great distance that separates us, the United States found it unbearable in 1970...

[Almeyda] That's true. What happened during the UP [Popular Unity] process is that the agreement reached went beyond the United States, because it not only included the Chilean right but also a large sector of the center. The PDC, despite the intransigently democratic sectors within this party, lead the situation to the point that a military coup was the only solution.

It was a great agreement and we were largely to blame: We did not conduct the political process properly and were full of hesitations and ambiguities. As a consequence, we foolishly lost large sectors of the center that were necessary for a progressive, democratic government with prospects that looked toward socialism.

[Verdugo] The UP no longer exists. Some of its members belong to the MDP and other to the AD...

[Almeyda] But have you noticed how recently they have been tightening relations and reaching understandings. If we manage to reorganize a united and strong left, the possibilities of an understanding with the center will grow, the possibilities of an overall understanding among the democratic opposition will grow.

[Verdugo] The creation of the AD in 1983 sought to create a very strong center-leftist alternative that would do away with the fatal ties between the three sectors [right, left, and center], in order to grant the country a stable government. For this a "renewed" socialism had to be promoted, removing it from the PC [Communist Party] hegemony. And now you once again propose a united left...

[Almeyda] The problem is that the AD proposal is not feasible. The PDC concentrated on the AD, thus neglecting the Socialist Party of Chile. It not only sought to erase us from the political scene, but also made up a virtually nonexistent Socialist Party that occupies a very small place.

Neither is it very clear what the "renewal" of those who call themselves socialists consists of. Because the only possible renewal is to assimilate the experiences of the UP and of this dictatorship, adding to them new elements to improve our future political behavior. But not a renewal that entails giving up the basic principles of Marxist socialism... that is, a rightist social democracy.

[Verdugo] And how do you view General Pinochet?

[Almeyda] Implementing his only alternative: repression. Because either he represses or he prepares his bags and his plane.

He has no options or a political plan. He is threatened by an increasing social mobilization. Since he cannot pay the political cost of legally declaring a state of siege, he practices it in fact.

[Verdugo] What explanation is there to the change of the U.S. policy toward Pinochet?

[Almeyda] The United States realizes that he is already a dead man, because he will not allow an outcome to result from a dialogue and his presence will only polarize the situation, increasing violence and the "threat" of the left. This is why Pinochet is digging his own grave.

/9738
CSO: 3348/622

BRIEFS

NAVY SHOOTS AT CIVILIANS--According to an official report a Chilean Navy patrol murdered one person and wounded another two when it fired on three civilians because it feared an ambush. The report notes that the patrol fired on three persons who were near a fort because they looked suspicious. It provided no further details. The incident took place on the road that joins the Chilean beach resort of Vina del Mar with the town of Quintero. The People's Democratic Movement--an opposition coalition--has demanded the immediate resignation of General Augusto Pinochet and the installation of an emergency government headed by a person enjoying broad social and political support. [Text] [Havana International Service in Spanish 1600 GMT 1 Jun 86 PA] /9738

POLICE ARREST STUDENTS, PRIEST--The Chilean Civil Assembly has called a 48-hour strike on 2 and 3 July in response to the refusal of General Augusto Pinochet's military government to listen to the demands for democratization of the country. The assembly announced that protest demonstrations will be carried out throughout the country prior to the strike. The Chilean National Civil Assembly is composed of approximately 300 trade union, professional, student, and other organizations. Chilean repression forces yesterday arrested 148 secondary school students who were participating in Valparaiso and Santiago in protests against the privatization of public schools. It was also reported that military and police forces arrested Belgian priest (Julio Estrayer) at the residence of the Jesuit congregation in Santiago's district of Los Nogales. [Text] [Havana International Service in Spanish 1600 GMT 3 Jun 86 PA] /9738

BELGIAN PRIEST RELEASED--Santiago, 3 Jun (AFP)--The Chilean authorities today released Julio Stragier, a Belgian priest who was arrested on Monday, in Santiago by Army troops and armed civilians. Stragier, the vicar of the west district of the Santiago archbishopric and parish priest at Estacion Central District, was charged with distributing antigovernment pamphlets, setting up barricades, and causing disorders. Stragier, who has been living in Chile for 17 years, denied the charges, stating that he was arrested while walking down a street where people opposing the regime of President Augusto Pinochet had built a bonfire. Stragier stated that "I was on my way back home after participating in a seminar." Stragier added that "I identified myself but the military men acted violently and shoved me in a pickup truck without license plates, and took me to a carabineros (uniformed police) precinct where I was finally able to explain what had happened." Church sources have stated that six other people were arrested in the same incident, in which the soldiers fired submachineguns. Some of those people reported that they were beaten up by their captors. [Text] [Paris AFP in Spanish 1257 GMT 3 Jun 86 PY] /9738

CSO: 3348/621

LINARES CLAIMS DEBT RENEGOTIATION EFFORTS MEETING SUCCESS

Guatemala City PRENSA LIBRE in Spanish 2 Apr 86 p 5

[Text] Yesterday, Federico Linares, president of the Bank of Guatemala and the Monetary Junta, announced that the specific commission has achieved positive results in the renegotiation of the foreign debt amounting to $250 million.

The official, interviewed yesterday upon his arrival at the Confederation for Trade Union Unity, where he participated in a panel discussion, added: "Of that figure, $90 million has been renegotiated with the governments of Venezuela and Mexico, as well as with international financing banks of Spain and the United States, in only a month of negotiation."

He said that this renegotiation has been done on bilateral bases, and that the results of the first meetings have been satisfactory.

The commission is comprised of the president, vice president, and manager of BANGUAT, as well as the director of the same institution's International Department; in addition to the action achieved by the president of the republic, Vinicio Cerezo Arevalo, in Venezuela.

The subject of the interview commented that in this task, understanding has been received from the countries, banks and institutions involved in our foreign debt, which have attested to the efforts made to attain the country's social and economic reorganization, a requirement needed to reach that goal.

Linares noted that, if the proposed renegotiation were not accomplished, our country would have to pay the $250 million this year, representing only the principal.

2909
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GUATEMALA

CEREZO'S ECONOMIC PLAN RECEIVES MIXED REVIEWS

CACIF Calls for Liberalization

Guatemala City PRENSA LIBRE in Spanish 28 Apr 86 p 2

[Text] "If the government takes interventionist measures like the ones of the past, within a year we will have the same results: hunger, poverty, and unemployment," stated the Coordinating Committee of Agricultural, Commercial, Industrial and Financial Associations (CACIF) in a television presentation last night.

According to CACIF, if the government reduces the deficit and promotes the country's productive apparatus, within a year the result will be higher employment figures and a natural control of price increases.

As an alternative to printing money and levying new taxes, which are among the resources the government uses to cover the budget deficit, CACIF proposed last night that the government sell state enterprises, which are seriously damaging the nation both directly and indirectly.

Thus, for example, a CACIF leader stated on the television program that the Greater Central American Merchant Fleet (FLOMERCA) has no ships, and is living off the subsidies paid by those who transport cargo to the country; that subsidy makes the imported goods we buy more expensive.

CACIF expressed optimism last night about the future of the country, and a number of business leaders stated that Guatemala can progress if the government takes measures to liberalize the country's productive apparatus instead of strangling it.

Moreover, in last night's documentary CACIF expressed concern about the plight of the Guatemalan people, who have seen their standard of living decline year after year. It indicated that it shares the concern of those who have no job or are in precarious economic circumstances. CACIF stressed in its presentation that all of this is the fruit of the erroneous economic policies pursued in the past, which were of an interventionist nature.

Finally, CACIF stated that the establishment of liberalizing policies could quickly generate many more jobs than the 52,800 proposed by the government in its economic and social reorganization plan.

CIEN Supports Exports

Guatemala City PRENSA LIBRE in Spanish 21 Apr 86 p 14

[Text] It is necessary to provide incentives for exports to promote their growth and turn them into an engine for the country's economic recovery, since the exchange benefits policy cost the export sector nearly 850 million quetzales in the first 10 months of 1985.

This conclusion was expressed by the National Economic Research Center, whose experts conducted a study titled "Taxes and Other Mandatory Contributions in Guatemala." The study, supported by the Association of Friends of the Country, was part of a larger analysis of the country's economic problems.

Significant Reduction

Our sources indicate that there is a lot of talk about the need to provide incentives for exports so that this productive sector can grow and in turn serve as an engine for the recovery of the country's entire economy.

They add that this kind of comment is made insistently by members of the private sector, and even the public sector on various occasions has recognized the fundamental importance of the healthy growth and diversification of exports. Obstacles still remain, however, which helps explain why exports plunged over the past 5 years.

Specifically, these sources indicate that the decline brought exports down from $1.5 billion in 1980 to $1 billion 5 years later.

Tax for Over 50 Years

This tax is derived from an exchange policy that for more than 50 years has been based on maintaining a certain exchange rate. After 14 November 1984, it became a system of multiple exchange rates, according to the experts at CIEN.

The official exchange rate has ceased in recent years to reflect the real relationship between the U.S. dollar and the quetzal. The real exchange rate depends on the free play of supply and demand, which is an indication that the tax derives from this fact.

Long before 14 November 1984, the foreign exchange generated by exports was exchanged for quetzales at the official exchange rate. After 1980, however, the crisis in the external sector began to have an impact on the free exchange rate (that is, the price of the U.S. dollar in quetzales that was quoted on the street).

Parallel Market Emerges

CIEN points to the legalization of the parallel market in mid-November 1984 as an important event in terms of the country's exchange policy. The idea was to include in the allocation of foreign exchange the dollar/quetzal value that had been observed for some time on the free market, or in the street.

Monetary authorities decided that part of the total amount of foreign exchange generated by the various exports would be exchanged on the official market (the essential foreign exchange market) at the rate of 1 dollar to 1 quetzal. The remainder would be exchanged on a new market, called the free foreign exchange market, at a "free" exchange rate. To differentiate these exchange rates and markets, the former was attached to the Bank of Guatemala.

CIEN provides tables showing the percentages corresponding to different export products on the free foreign exchange market of the Bank of Guatemala, the average exchange rates used to estimate the tax, and the estimate of this tax based on the exchange policy prevailing in the country (the tax is paid by the export sector).

In addition, it shows the methodology used to estimate the tax, indicating that between 1980 and 1984, the differential between the free exchange rate and the official rate, multiplied by the value of exports, represents what the export sector has lost.

Moreover, between 15 November 1984 and October 1985 the government had two sources of obligatory contributions from the export sector. The first stemmed from the differential between the free exchange rate and the Bank of Guatemala free exchange rate, and the second came from the differential between the free rate and the official rate. The sum of the two is the tax paid by the export sector.

Decline in Rate

Among other considerations, CIEN indicates that the total rose from 30 million quetzales in 1980 to 419.4 million quetzales in 1983, an average annual growth rate of 156.1 percent. In 1984 the total fell to 397 million quetzales, and for the first 10 months of 1985 it is estimated to be 841.8 million quetzales.

According to the government accounting office, as of September 1985 456.4 million quetzales in taxes had been collected by the central government (54.2 percent of the tax under study).

The Bank of Guatemala projected collections of 560.9 million quetzales for 1985 (66.6 percent of the tax under study). The maximum collected by the government in 1980 was just 80.6 percent of what was estimated for the first 10 months of 1985 for this tax (678.3 million, as opposed to 841.8 million quetzales).

Finally, CIEN notes that although the tax in question is not normally catalogued as a tax, it in fact causes the export sector to lose income that it legitimately has coming to it.

In 1986 an export tax will be levied which will average 30 percent of the total value. Officials estimate that 580 million quetzales will be collected this year from that tax. The objective of partially sterilizing the increase in money as a result of the adjustment in the exchange of foreign currency with exporters is important, but the activity itself will suffer an additional disincentive, says CIEN.

Foreign Exchange

Product	November 1984	Changes
Cotton	20%	None
Sugar		
With quota	0%	None
Without quota	20%	None
Bananas	0%	None
Coffee		
With quota	0%	None
Without quota	100%	None
Cardamom	0%	None
Meat	20%	After February 1985, 50%
Other products	20%	After March 1985, 50%
To Central America	100%	None

Table of percentages representing share of Bank of Guatemala free foreign currency market for original and incorporated exchange export products, and their effect on exports until October 1985 (JRCP).

Average Exchange Rates in Guatemala (Q/US$)

	Jan.	Feb.	Mar.	Apr.	May	Jun.
1980						
Free	—	—	—	—	—	—
1981						
Free	—	—	—	—	—	—
1982						
Free	1.0800	1.1200	1.1400	1.1800	1.1800	1.2100
1983						
Free	1.2750	1.2900	1.3150	1.3500	1.3850	1.4800
1984						
Free	1.3000	1.3200	1.3300	1.3200	1.4300	1.3300
To exporters	—	—	—	—	—	—
1985						
Free	1.7600	1.7275	1.9650	2.7200	2.9950	3.0650
To exporters	1.4527	1.5375	1.6644	2.0307	2.5812	2.8298

	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.
1980						
Free	—	—	—	—	—	1.0200[a]
1981						
Free	—	—	—	—	—	1.0450[a]
1982						
Free	1.1600	—	1.2500[b]	—	—	1.3000[b]
1983						
Free	1.4000	1.4000	1.3200	1.3000	1.3200	1.3100
1984						
Free	1.3600	1.3800	1.4200	1.4800	1.5200	1.5100
To exporters	—	—	—	—	1.3986	1.4570
1985						
Free	3.1850	3.8460	3.9125	3.7950	—	—
To exporters	2.9914	3.4700	3.7568	3.7160	--	--

[a] Annual average
[b] Quarterly average
Source: Bank of Guatemala, CIEN

Average exchange rates used to estimate the tax (JRCP).

Tax

Product	1980	1981	1982	1983	1984	1985[c]
Cotton	3.3230	5.8922	14.6203	15.4704	24.4117	25.5310
Sugar	1.3852	3.8342	10.6183	47.6618	25.5476	52.4203[d]
Bananas	.9079	2.3136	13.6476	13.0314	22.8635	104.4540
Coffee	9.2782	13.2672	84.3890	164.0266	136.0855	458.8060[e]
Cardamom	1.1119	1.5442	6.3433	10.6098	22.3701	39.8184
Meat	.5817	1.3191	3.0408	4.9404	4.5665	8.5421
Others	13.3769	26.2773	108.2554	163.6371	161.1847[b]	152.2027[b]
Total	19.9658	54.3977	240.9149	419.3777	397.0295	841.7745

Estimate of tax derived from prevailing exchange policy in the country. Tax paid by export sector (JRCP).

CUSG States Opposition

Guatemala City EL GRAFICO in Spanish 30 Apr 86 p 3

[Article by Arnoldo Cruz]

[Excerpts] Guatemala, 30 April—The Confederation of Labor Unity of Guatemala (CUSG) last night expressed its total repudiation of the economic and social measures which the Christian Democratic government of Vinicio Cerezo intends to implement. In addition, CUSG leader Juan Francisco Alfaro stated that the demonstration to be held tomorrow will be a "party demonstration," influenced by Guatemalan Christian Democracy (DCG).

In a tribute to journalists by the CUSG, the labor leader explained the reasons for the organization's opposition to the "Economic Package," and emphasized that the famous cooperation in implementing the plan has involved only the government (DC) and the Coordinating Committee of Agricultural, Commercial, Industrial, and Financial Associations (CACIF).

Why are the economic measures being rejected? Juan Francisco Alfaro Mijangos responded as follows:

1. Because they are inconsistent.

2. Because they give no assurance of positive results for the majority of Guatemalans in the short term.

3. Because they will produce more inflation, which by all accounts will punish lower-income Guatemalans even more.

Among the likely results are a higher cost of living, a jump in inflation, and other very negative repercussions. Alfaro was emphatic in asserting that to prevent these consequences, the government should respond in four areas: a) wages, b) price controls (effective), c) tax reform (making those who have more pay more), and d) land for the peasants.

Alfaro also said that Guatemala's experience has led the people at this time "to put everything on the line," because they cannot bear it any longer. And the people have the right to live in peace. "If they are hungry, at least let them be hungry in peace. We do not want to return to the times of obscurantism."

UCN Sees Ambiguities

Guatemala City PRENSA LIBRE in Spanish 16 Apr 86 p 4

[Text] The Union of the National Center (UCN) levied strong criticism against the government's proposed Economic Reorganization Plan during a press conference Monday. The party released a document containing conclusions and recommendations which it made after analyzing the plan. It will send the document to the president of the republic.

The conference was chaired by the Secretary General Jorge Carpio Nicolle (who ran for the presidency), Ramiro de Leon Carpio, Jorge Canale, Jorge Arenals, Raul Maldonado, Deputy Oliverio Garcia Rodas, and other deputies of that party.

After presenting a brief analysis of the government's proposal, Carpio Nicolle stated that it contains ambiguities, it fails to attack the underlying problems, and it has negative aspects that will not solve anything.

In addition, he said that the plan calls for excess monetization, which would fuel inflation and prompt a devaluation, because the exchange rate must be realistic.

He criticized the increase in rates charged in Guatemala, and the excessively high export tax, which is fluctuating. He expressed the need to set ceiling prices for basic consumer items. It is imperative that these prices be implemented for a prudent period of time.

He described as serious the decision to inflate the general budget of the nation from 1.1 billion quetzales to 1.6 billion. There has been an offer to cut the budget, but only by 5 percent.

"It is imperative," he emphasized, that government spending be reduced. Furthermore, it is disturbing that they do not mention the renegotiation of the foreign debt, which could really shrink the budget."

At the end of the document, the UCN makes 16 recommendations and conclusions, which will be submitted to the government. They indicate that the government's decisions should be forthcoming immediately, because there is uncertainty in the country's production sector. The indecision has led to insecurity and discontent, which have already translated into protest demonstrations among the people.

The party also asks that the government reveal its medium- and long-term programs, because if it has a policy of pursuing dialogue and requiring the participation of all sectors in the country, then these sectors must have the information and the time they need to contribute to the search for nonpartisan solutions.

It recommends a policy of austerity, and says that the proposed exchange rate of 2.50 quetzales to the dollar is perfectly justified. It also provides evidence to support this assertion.

The UCN document calls for a definition of tax rates, mechanisms and concepts such as export profits, and a program to compensate for the adverse social effects of the Reorganization Program.

It asks for the fuel table to be revised to reflect current petroleum prices, a temporary price control policy, and the establishment of a commission to review wages and establish new ones through direct employer-employee dialogue.

In addition, it says that the problem of the decentralized state enterprises should be solved with the participation of the private sector, so that these enterprises can be efficient and provide better services and higher profits or revenues to the state.

MAS Doubts Effectiveness

Guatemala City EL GRAFICO in Spanish 3 Apr 86 p 2

[Text] Jorge Serrano Elias, who ran for president on the slate of the coalition between the National Cooperation Democratic Party (PCDN) and the Revolutionary Party (PR) and is now leader of the Solidarity Action Movement (MAS), expressed doubts about the effectiveness of the economic measures announced by the government, supposedly to resolve the country's situation.

Serrano Elias, in an open letter addressed to President Vinicio Cerezo, explains that after studying the "Economic and Social Reorganization Program," he has determined that the policies established therein are far from providing a solution to the problems, "much less pointing the way to achieve the objectives which you yourselves set forth."

Serrano Elias explains in the letter that he recognizes the effort made to present the overall plan, and indicates that he is not unaware of the good intentions reflected in the document.

He contends, however, that the document is poor and inadequate, and explains that "the only way to obtain more fiscal revenues, reduce unemployment, cut inflation, halt the improverishment of the population, export more, and stop the freefall of the quetzal with respect to the dollar, is TO PRODUCE MORE."

"For this purpose," he adds, "it is necessary to boost confidence in investment and to take whatever measures are appropriate for the government to take in order to make production profitable. Everything else is mere rhetoric; it looks good on paper, but is actually very bad."

Finally, he warns that the announced measures will have two effects: First, "they will lead to a deeper recession; in other words, the country's production will fall even further." Secondly, "as a result of this drop in production, prices will rise uncontrollably, which will mean that no wage will be enough to make ends meet in this country."

8926
CSO: 3248/446

GUATEMALA

PR OFFICIAL QUESTIONS STATUS OF OIL REVENUES

Guatemala City PRENSA LIBRE in Spanish 14 Apr 86 p 2

[Text] The Ministry of Energy and Mines is still keeping silence regarding a request from the secretary general of the Revolutionary Party (PR) for an explanation of the presumed loss of $1 billion which Guatemala has failed to earn from the oil industry as a result of the position taken by one of the companies authorized to explore and exploit Guatemalan oil.

The PR's request was submitted on 25 March of this year, and it declares that, "On 22 September of last year, PRENSA LIBRE published an article entitled 'Oil Syndrome,' in which it disclosed that the country has failed to earn over $1 million from this industry; a charge that is very well founded and is of enormous national and international significance."

The note, signed by the PR secretary general, Mario Fuentes Pieruccini, goes on to say: "The article containing the disclosure reflects the obvious possibility of a national loss arising as a result of the operation which prompted the claim brought by the company Basic Resources International (Bahamas) Ltd against the French national company, Elf Aquitaine Guatemala, in the court of arbitration of the International Chamber of Commerce established in Geneva, Switzerland."

The content of the same article establishes the fact that Elf Aquitaine has been notified by the claimant that it has operated the oilfields with crass negligence and deliberate bad conduct; for which reason there has been a loss of oil, reserves, and other assets.

PR, consistent with its ideological and political principles, has now set itself up as a zealous protector of the national interests, and is ready to assume the pertinent positions to attain that goal, not concealing the past regime's mistakes in that ministry.

Fuentes Pieruccini adds that, as a result, it has requested that this call for attention be considered to have been issued and accepted for its legal handling; that the ministry order all the public investigations necessary to be conducted in order to establish the damage and harm caused to the state by Elf Aquitaine Guatemala and its two responsible associates, in a solidary and jointly responsible manner, based on oil contract 1-80, of 13 August 1980.

The results of the investigation that is conducted by that ministry should be announced satisfactorily and publicly to the citizens of Guatemala, in accordance with the underlying principles that shape any democratic system.

The political leader also requests that no release be granted to the entities involved in contract 1-80, until the situation has been totally clarified and reported to the pertinent authorities and to the public as a whole.

2909
CSO: 3248/439

BRIEFS

BANGUAT ACQUIRES VICE PRESIDENT--Gabriel Castellanos Quintanilla assumed the position of vice president of the Monetary Board and the Bank of Guatemala, replacing Juan Gerardo Ponciano, who is retiring to private life after 30 years of service in that banking institution. The report that Castellanos had taken office was confirmed yesterday. The new official was sworn in last Tuesday by Jose Federico Linares, president of the Bank of Guatemala and of the Monetary Board, during a small ceremony that took place in the conference room of the Monetary Board. [Text] [Guatemala City PRENSA LIBRE in Spanish 1 Apr 86 p 3] 2909

CSO: 3248/439

POLITICAL RELATIONSHIP WITH U.S., FRANCE DISCUSSED

Port-au-Prince LE PETIT SAMEDI SOIR in French 5-11 Apr 86 p 3

[Editorial: "Haiti: Coveted Whore" by Frantz Bataille]

[Text] Haiti is dear no less to France than to the U.S. And if distant Russia makes eyes at her, she will also be just as quick to take off her clothes for the Reds, a fact which caused Havana's envoy at Punta del Este (1968) to remark that "Haiti is a whore who sells on credit."

This week Haiti is being visited by Washington political bigwigs--Mr Walter Fauntroy of the Black Caucus (who gave a press conference at AID headquarters), Mr Eliott Abrams, assistant secretary of state for interamerican affairs and Brigadier General Frederic A. Golden, under secretary for the same area. Last week General Vernon Walters, well-known in America's clandestine services, told a journalist from HAITI LIBEREE that the US is careful to steer away from any military intervention in Haiti, which was reassuring to Haitian patriots at a time of resurgent nationalism.

But Haiti lives in dread of intervention, particularly because certain conservative circles in the neighboring Dominican Republic are fanning anti-Haitian sentiment from the other side of the Massacre. Haiti, of course, is not Grenada, but American nationalism, which has been wonderfully nurtured under Reagan, is not at all abashed about pulling back the imperial boundary lines to precisely encompass that American "Mediterranean" in which the Caribbean, since the end of the 1970's, has become the new frontier of what Claude Julien calls the American Empire.

Washington has not spelled out for its subcontinent the strategy required of it by the new realities of the international economy. Of course, seduced by the Taiwan model, the regional elites are begging for Taiwanization, not only for Haiti, but also for Jamaica, Mexico and even Grenada, now that it has been conquered. But in the Western Caribbean, there is war, through proxies, against Nicaragua, and truce in Guatemala...and Salvador. The U.S. should find a way to defuse that bomb of 600 million souls in 20 years which is not even disabled by the heavy tribute it must pay to ignorance and disease...

Haiti and its problems are not an East-West issue, but rather belong in the North-South, or the West-South arena. It is a question not of concentrating on the red specter of Moscow but on another specter, the one grinning in Ethiopia and in the Haitian interior. Democracy is not possible in a starving country; men, to be free, must first of all have food and shelter.

Haiti, the Cinderella of the Caribbean, as the racists call it, is a whore, and whores cannot turn anyone down. But Haiti, like whores, has a heart, and preferences. It is enough that she has had models imposed on her, models which like those in religious schools have forced her into Bovaryism. She needs before anything else to be helped to define herself. She does not need to be forced to yield to imperial and imperious lusts.

Haiti--nationalistic, martial, voodooistic, cherishing its blackness--has always inspired fear, not only in the hearts of foreigners but also in its own children, who have continued to reject history, the break with the old patterns of consumption and perception, in short with the society of the past. We know that society has its watchdogs, its convict-guards as Jean F. Brierre calls them. We also know that its sentinels want democracy, but we disagree over how it is to be established.

The age of Haitian democracy must relate to the country's primary and pressing needs: hunger and disease. Situated on the main thoroughfare of imperialism, Haiti is condemned to the miserable fate of Third World countries cursed by their geography. Haiti faces a challenge which is primarily economic and insular, rather than political, in nature. Haiti will feel the effects of all these things, or else it will be totalitarian, unless...

Coveted, sought-after for whatever reason, (perhaps because of its poverty, which offers sensitive souls in the temperate climes an outlet for their generous philosophies), American Haiti is attracting distant France, that France which even when conservative has always been leftist at heart. Socialist France is coming to Haiti at this very moment. It has interests here, and a past which can still surprise and touch the hearts of the French themselves.

Some have said that France is once again paying court to Haiti--now, as the country is falling under the massive shadow of Americanization--in hopes of finding a cheap bedmate. In reality, diplomacy has always been motivated by considerations that we do not understand, but all this instability in the franc and the dollar should be good for the Haitian gourde. Who knows?

Does Haiti, in this environment of velvet-gloved aggression, have some chance to be itself, to work for its own betterment, its own profit? The hope for Haiti can be seen in the sudden enthusiasm in the slums for making their neighborhoods more beautiful and clean, in the streets which people are gaily bedecking in colors, in the decorations on the houses. The hour of Haiti's reawakening is at hand. Once the land of the cane-cutters, then of the boat-people, Haiti is becoming the promised land of nationalistic fervor. Haiti's chances appear to lie within Haiti, and within the Haitian himself.

9516
CSO : 3219/5

POPULIST FERVOR SEEN BELYING POLITICAL STATUS QUO

Port-au-Prince LE PETIT SAMEDI SOIR in French 5-11 Apr 86 pp 7-8

[Commentary: "What Revolution?" by Mac-Feri Morquette]

[Text] Revolution, peaceful revolution--these expressions appear constantly in newspaper articles, radio commentaries and even in the conversation of the man in the street. And they are used in reference to the recent events which stirred up our provincial cities and on 7 February 1986 led Jean-Claude Duvalier to flee. The euphoria, the feeling of deliverance that resulted from that liberation should not be permitted to mask the reality behind those events, nor should they prevent us from seeing their true nature. To the contrary, a better grasp of the history that is being written under our noses would prevent us from being once more victimized by that political demagoguery which is responsible for the enervation of our awareness and moral downfall.

The word "revolution" has such a powerful ring to it, and presupposes such radical changes that it would seem to be wishful thinking to apply to just any old political or social movement. Particularly when the ruling classes or their representatives in government commit themselves to a process of normalization whose objective is to short-circuit the public outrage, or at least divert it by dilatory measures. Moreover, the appropriation of that word by the henchmen of Duvalierism and the widespread hammering of the word into the minds of the people through an insidious propaganda campaign prove there is a real danger of misinterpreting that historical concept. That is why we wish to do two things in this essay: first of all to denounce the perversion of the concept, and second to analyze what actually happened, all the while remaining mindful of the fact that we run some risk of being tempted to give a definitive characterization to a page of history which is still being written.

Examples abound of these so-called revolutions which are in reality nothing but a change of leader. The entire history of the 19th Century in Haiti documents the great capacity of the political class to bounce back from and pervert to its own ends the spontaneous popular movements which so many times foundered because the disadvantaged strata were unable to sustain an intelligent, organized and active mobilization behind a progressive political program. So perhaps one can better understand the inanition which felled the peasant movements of Goman and Acaau in the South nearly a half-century after independence: the wind of panic which chilled the bones of the wealthy really lasted only a short time. Apart from these rare instances of popular awakening, Haitian politics has been monopolized by astute politicians prompt to proclaim their "revolution" to the world.

The most recent case, that of Duvalier, shows how a historical concept can be emptied of its meaning and perverted to meet the needs of an autocratic, anti-national government. Thanks to institutionalized corruption, we saw the emergence--in economic terms, thus also in political and social terms--of various audacious and unscrupulous individuals, sometimes of peasant stock, who defined the revolution in terms of their personal acquisitions. One swallow does not a summer make, and it would be risky to speak of "collective welfare" simply on the basis of their own personal welfare. Their philosophy, one of sheer predation as one of them told us, justified all the genuflections, all the compromises with a regime that selected its cadres from among those most mediocre souls who were only too happy to show their gratitude by denunciation and silence: "je we, bouch pe" [Creole, untranslatable]. Resourcefulness and gangsterism had a free hand to make the feudal institutions even more detestable, more pernicious, through favoritism, satrapy and the arrogance of petty officials.

This was the vicious system which the rude blows struck by the youth of Gonaives, Jeremie, Petit-Goave and Cap Haitien finally dislocated. At the cost of several dozen lives. Despite the departure of Baby Doc, it seems premature to speak of a Revolution of 7 February, for fear that a naive interpretation of the recent events might be followed by brutal disappointment, bitter disillusionment for those who expected real change, that is structural change. More specifically, to speak of "revolution" at this stage of the current situation is to reveal the limits one wants to impose on events, in other words to spell out where they must not lead. The answers to the two questions asked below will help us see more or less clearly who is on what side right now.

What was revolutionary about the demonstrations that led to 7 February 1986?

In answer to the first question, one might note that there was a mass movement, quasi-collective, which could lead--if the process were not cut off--to a real revolution. This time, unlike the past, the Jean-Claudist regime was not just going up against opposition from one or two sectors of the Haitian nation, but rather from all of the socio-occupational categories, who succeeded in forming a united front behind demands which could not be satisfied without undercutting the very foundations of the regime. All the petitions emanating from sectors as different as industry, the teaching profession, the medical profession, and the church condemned the regime's murder of the Gonaives students, demanded that their assassins be tried, and took up the watchwords for which the youths had given their lives: Down with poverty! Down with corruption! One can see why the shouts of protest against stagnation, poverty and despair hurled by the young people of our provinces could not fail to be the prelude to a vast uprooting of Duvalier's sclerotic system. But there might be something else revolutionary about the events of 7

February, and that is a certain cultural reawakening, one which is expressed in the movement to restore the Creole language, implying as it does the denunciation of French, the utilization of which in our country expresses a linguistic narcissism if not simply the perfected language of political demagoguery. At this juncture one cannot overemphasize the positive role played by the Catholic Church, whose Creole literacy campaign and broadcasts on RADIO SOLEIL have shown a real commitment to the poor. It has the ability to become the ideological spearhead of really important changes--I was going to say revolutionary changes--but it will have to reckon with the conservative sectors in its midst and with the wealthy classes, who will find it difficult to brand as atheistic and communistic when it threatens their interests.

But we will not label this populist movement revolutionary. Some will think it premature to opine so categorically on the matter. They could perhaps be right, but there are some fairly convincing signs that our own analysis is correct.

The break with Duvalierism is, to say the least, not an obvious one. Too many practices reminiscent of the old regime still persist: repression in certain towns against people who too boisterously expressed their joy after Baby Doc's departure; the flogging at Cape Haitien of Father Rosemond Fabien, who was part of a "dechoukaj" [Creole for "uprooting"] information network. Moreover, most of the Duvalierists still occupy the top positions in the bureaucracy. One would like to believe that they will refrain from the kind of abuses (corrupt practices, embezzlement) in which they engaged in the past. But could they suddenly develop the sound judgment required for the management of public funds while knowing that at any moment they could be dismissed? It is difficult to believe this, when political officials do not seem to be moving very quickly--in fact, they are moving timidly, and even then only under direct pressure from the public--to get on the road to the durable changes that could bring peace to the country.

Everything leads us to believe that we are far from a radical change that would involve the transfer of property, a recasting of political structures or the economic system; we are not even close to a process that would lead to a revolution. The privileged and the supporters of the status quo can take heart and quit whining so loudly about the popular demonstrations they deem so inopportune and dangerous. Besides, our viligant "protector," our American "big brother," facilitated the peaceful departure of Baby Doc precisely in order to prevent the radicalization of a movement whose extent was worrisome. It is up to us to be vigilant! We might be able to prevent the recurrence of a shameful past and consolidate a few gains which more modestly we should label "reform."

9516
CSO : 3219/5

PRACTICES OF LEGAL PROFESSION CRITICIZED

'Controls' Urged

Managua BARRICADA in Spanish 5 May 86 p 7

[Article by Lidia Hunter]

[Text] We are often in the habit of associating the "black market" with illegal dollar trafficking, the sale of gold, or of parts for vehicles, but the ramifications of this phenomenon extend to various activities in the nation, including the services of attorneys. To those who are self-styled lawyers and mixed in among the real professionals, the commodity is people who require legal and judicial procedures.

The laymen practicing law are former employees of courts and tribunals who saw a good opportunity to make money outside the law, and former students from the Law School who have not completed their studies. Also in this business are persons engaged in seeking clients to recommend to "good lawyers."

No One Controls Lawyers' Fees

The laicization of the practice of law prompts many to think that, instead of seeking justice, it is better to reach a conventional settlement with the individual who must appear for a trial; because they are afraid of encountering dishonest professionals who take advantage of the lack of enforcement of the Tariff Code and collect their fees based on the appearance of the client.

The Tariff Code underwent an amendment in 1967, and is no longer geared to the country's economic situation. Therefore, the fees are conventional between the parties and remain outside the jurisdiction of the Supreme Court of Justice. What the institution does have authority for is complaints of negligence in legal or judicial procedures, or delay of justice, against lawyers, notaries, or officials of the Judicial Branch.

Not everything is bad in this area, because there are very honest lawyers who love their profession and may not even charge a cordoba when they encounter persons of meager economic means. One of them is the person who introduced us to the profession's black market.

Relatives of defendants, lawyers, shyster lawyers, and active lawyer's clerks with permission to practice appear from time to time on the court benches: some waiting for justice to be carried out; others, to put their knowledge in the people's service; and still others to grab any client and earn large sums of money which can amount to a million cordobas a month, collected in dollars.

The Drama in the Courts

Individuals selected at random, found in the courts, recount a world of problems experienced there; because a client who arrives confused is an easy prey for any of the 21 shyster lawyers and certain dishonest lawyers who, briefcase in hand and moving quickly, approach any unfortunate person to offer "their help," in settling the case. For obvious reasons, we are omitting the given names and surnames of the alleged attorneys.

We have arrived as just another client and, in less than half an hour, we begin to find out about the anxieties of men and women. Elvira Valverde describes her case. She says: "My daughter became 'involved' with a woman and now they have accused her of swindling. A man recommended a lawyer to me."

Elvira claims that she gave him 35,000 cordobas as an advance payment, and 6,000 for transportation. "It is now 2 weeks since then, and I cannot find him anywhere, not even at his house."

She procured the money that she gave to the lawyer by selling some dresses and a pair of gold earrings which she herself had given to her daughter as a gift. "I don't understand this," she says, while drying her tears with a towel which she folds persistently while talking. "I got the money by pinching and scraping, and now the lawyer has not shown up."

Yadira Fuentes is another victim of the same professional. The first time that she arrived in court a man approached her and recommended a certain doctor, to whom she claims to have given 20,000 cordobas. That was 5 months ago, and the lawyer has not taken any action on the defendant's behalf.

Now, she has taken the case to another lawyer, who charged her 50,000 cordobas. Despite her anxiety, we dare to ask her how she will find that money. She sighs and says: "I don't know. I'll try to pawn my daughter's cradle. Perhaps they'll accept it, since it is very old; but it's the only thing of value that I have."

Maria Mendoza is a neighbor of Maria Mercado, whose relative is in custody. She is taking steps to procure the release of her friend's relative. She remarks: "The lady cannot handle this, because if she stops washing other people's clothes for a day, she won't obtain the money that the lawyer has asked from her."

But, even if she worked twice as much, she would not earn the 50,000 cordobas. That's true, she says, but she is ready to sell her "foolish things," even the plot of land that she bought a long time ago. Perhaps now they will give her more than it cost before.

"We can make a deal, you can pay me in installments," was the response given by the lawyer to Juana Molina Gallo, who thought that he would understand her worry over the son under arrest, and her difficulty in procuring 100,000 cordobas.

To Whom Does One Complain?

The foregoing is just a sample of the situation. There are hundreds of cases that would fill the pages of this newspaper; cases that are not even reaching the Supreme Court of Justice, because many are unaware of the levels to which they can have recourse to complain. They are afraid of wasting time and money without accruing positive results.

The charges reaching the Supreme Court are minimal, considering the fact that there are 2,600 registered lawyers, 193 judges, and 220 officials of the Judicial Branch who administer justice; 20 magistrates in the regional courts, seven magistrates in the Supreme Court, and 34 active students who have permission to conduct ex officio defenses, as well as an incredible number of "client seekers."

In 1985, the Supreme Court received and gave an immediate response to 10 complaints of a delay of justice, 27 complaints against attorneys and notaries, 41 complaints against officials of the Judicial Branch, and 47 inquiries that were answered.

Urgent Need for Controls

A campaign is required to educate the population in the understanding of the laws in effect, so as to prevent them from falling into the hands of individuals outside the profession, and to dispel the idea that people have of lawyers in the country.

There is also an urgent need for the Supreme Court of Justice to amend the Tariff Code, based on the economic situation in Nicaragua, and not to confine itself solely to controlling those who prepare public documents (such as those for the purchase and sale of housing, and vehicles, and agreements between spouses), but also to include litigants. The reform to the Code should also make a distinction between the professional's fees and legal expenses.

There is a large number of lawyers who have opted to stop working in state offices, so as to engage in working on their own; because, since they work without chiefs or inspectors, they can easily evade the treasury. Sending bills to clients is something unusual among lawyers.

The Law Is Older Than Pinole

At the time of Jose Maria Moncada (1929-32) the law was decreed regulating the practice of the profession, but many years have elapsed, as well as many efforts, without any positive results for making the regulations effective.

in its essential portion, the law intends to prevent the permanent establishment of persons without qualifications who demand to practice the profession and remain indefinitely doing what belongs to attorneys or lawyer's clerks in an improper manner.

On 20 March 1986, the Supreme Court of Justice, presided over by Dr Alejandro Serrano Caldera, circulated among all the institutions involved in the administration of justice a document announcing that now the law will, indeed, be firmly enforced.

Judicial Reorganization

The Supreme Court order is contained in a series of measures for judicial reorganization, and the old law is not being taken up now, because there is more lack of control in the practice of the profession, but rather because it is necessary to put an end, for once and for all, to the dirty business of persons who are self-styled "lawyers and notaries," but who have never visited the university classrooms.

Dr Serrano Caldera explains that the spirit of the order is intended to allow individuals who are studying law and are currently enrolled in the school, and who have passed the courses in criminal law and criminal proceedings, to be utilized for legal and judicial practice and, at the same time, to let their participation help them in their professional training.

The court's order is not intended to create a permanent category of lawyer's clerks, because the term itself gives the notion of temporariness. The lawyer's clerk moves from being a student to being a lawyer.

To check the compliance, the Supreme Court is requiring that judges record, at the time that a certain attorney appears before them, whether the person is authorized to practice his profession.

What Will Happen to the Fees?

Thus far,the step taken by the court has sought to regulate the practice of the profession but there is still a great void, because the order leaves the dishonest lawyers open doors, since, in the future, they will gain more clients, and no one knows the extent to which their fees will go.

In this regard, Dr Serrano Caldera remarks: "We are studying the Judicial Tariff Code, but this is more difficult, because it is a relationship that evades the Judicial Branch, since it is a relationship between lawyer and client." But he admits that it has an effect on the Judicial Branch, because the lawyer or lawyer's clerk must necessarily appear before the judges to take their action.

The president of the court commented: "In principle, we are attempting to regulate the practice of the profession, and studying the matter of fees; but we cannot yet take any step ahead until the idea has matured and we have the authorization. For the present, the black market is continuing to spread."

Professionals Express Opinions

Inquiries made among lawyers disclose a concern and willingness to cooperate with the law regulating the practice of the profession, so that it will recover its dignity in the eyes of the society and the practice of law will really be in the people's service. Nevertheless, some hinted that the controls are good...but up to a point.

A few days ago, the National Union of Litigant Attorneys of Nicaragua made a statement in this regard. The declaration noted: "We hail the Supreme Court's order, because there is a need for precise implementation of the law, since the harmful practice of persons dissociated from the practice of the profession has been fostered."

Charges and Suggestions From Litigants

The union suggests to the court that it require every attorney acting in his office, without exception, to be identified and obliged to specify in any document his registration number with the Supreme Court of Justice.

Along the same line, they suggest that the Supreme Court, through the Judicial Inspector's Office, make period examinations of the records that courts and tribunals handle in order to ascertain whether the individuals sponsoring those lawsuits are authorized to do so. They also propose that the penalties stipulated by the law be strictly applied whenever they find any irregularity.

Lawyer Complains of Clients

Dr Eduardo Peres Somarriba, president of the National Association of Litigant Attorneys of Nicaragua, introduces a new element into our investigation. He states, verbatim: ""We lawyers are also annoyed by the people. These people are shrewd."

Perez adds: "It is not as many people think, that there are no birds of prey here; there are lawyers swindled by their own clients. When they find out that the order for release is ready, they fly off and go without paying the lawyer." Other lawyers describe the client's attitude as one of "nonfulfillment," and not swindling.

"Is there no guarantee that a lawyer will collect his fees?" we ask. "None. The court should establish controls to prevent them from swindling us; it should make sure that the fees have been paid before issuing the order to release the defendant," the lawyer thinks.

And to Whom Can the Client Complain?

We make a stop and ask Perez what guarantee the client has that the lawyer will not swindle him, as happens in the majority of cases. We obtained the answer from other lawyers asked about this. The only guarantee for the client is the professional's "word."

Verbal deals are what enables all the dishonest lawyers and, of course, the client-seekers, to do what they want with their clients. It is also for this reason that the charges cited in this article are based only on the "word" of the swindled client; because no one submitted a receipt for the sums of money given to his attorney.

Woman Attorney Complains of the Law

A woman attorney, known among the court personnel as "La Gata" [cat], admits that her situation has not yet been legalized with the Supreme Court, and thinks that "the law is not clear about the graduates who took all their courses and, like her, for various reasons, have not processed their professional degree."

She also claims that the Jurists Association attached to the Heroes and Martyrs CONAPRO [National Confederation of Professional Associations] did not make any inquiry among lawyers to find out whether the order really benefits the real professionals.

She adds: "The same association has not succeeded in including all of us, and perhaps this is one of the reasons that there is so much disorder and so many dishonest people in this profession."

Before taking leave of the reporters, she asks: "Who gave you my name; why have you sought me? There are so many people here trying to harm a person!" She hinted that the competition among many lawyers is unhealthy and that some, as other lawyers assert, make use of civilians to discredit their colleagues.

While dealing with one of her clients in the court corridor, a woman attorney claims that she has already completed her studies and is practicing legally, but after the interview, we note that she is not registered as a professional with the court.

She thinks that the notorious client-seekers who gave up their studies a long time ago are also humans who have an obligation to support their families economically; and therefore the Supreme Court should attempt to include them in the profession.

The fact that the court obliges lawyer's clerks or attorneys with degrees to submit their identification does not mean that the black market is ended, she maintains, because the client who is a victim of some negligence is afraid to complain and prefers to seek another lawyer, even though he is running the same risk.

We met another lawyer who is active in the courts. He studied at Leon and worked there for several years, for the revolutionary state. He was also a cotton picker. Three months ago, he decided to practice his profession in Managua. He carries his card issued by the Supreme Court although, strangely enough, he does not show up registered in the institution as a professional attorney.

He admits that there is corruption in the association, and notes that the disorder is also being created by lawyers who discredit others. They pay civilians a certain amount of money and send them to carry out a campaign in favor of a certain lawyer who needs to get hold of a client in order to do business.

Shysters Find Another Alternative

An honest lawyer who works in the courts took us to one of the shysters who calmly remarks that the Supreme Court's order has affected him, "but not so much, because I am now working as a secretary for a colleague. I procure the clients for him, and he keeps the briefs."

Actually, many shyster lawyers who are afraid of being punished by the authorities have opted to become associated with lawyers who have the permission from the authorities to practice. This means that any client could fall into their hands, and the fees would be doubled.

"We cannot blindfold ourselves," comments Evelyng Palam, a member of the Jurists Association attached to the Heroes and Martyrs CONAPRO. "There are unimaginable numbers of people offering others heaven and earth, in order to swindle them."

"Just as there are honest lawyers, there are dishonest ones who take advantage of poor people's ignorance to do anything." Evelyng suggests that, when a person requests the services of an attorney, he should immediately demand his identification, so as to have the right to complain if he encounters obstacles in the legal procedures; but the assurance that he is in the hands of an authorized professional will not give him any guarantee that the fees will not be sky-high.

Police Intervention 'Necessary'

Managua BARRICADA in Spanish 6 May 86 p 5

[Article by Lidia Hunter Cantillano]

[Text] A 2-year period for persons who, for some reason, have not completed their law studies, the intervention of the Sandinist Police on the premises of the Managua courts, and urgent amendments to the laws are proposals made to cope with and end the black market in the profession, declared judges queried yesterday.

Individuals who like the legal profession and who prove it by practicing illegally should go to the university to become updated, because they cannot be perpetual lawyer's clerks. The law so requires, and the Supreme Court of Justice is implementing controls to comply with that order.

In the view of certain judges, controlling the client-seekers is a very difficult task, because there is a chain of persons engaged in that business, and they will not readily give up the gold mine in their hands; hence, it is necessary for the Sandinist Police to intervene.

Permanent surveillance could be established, or the premises could be equipped; but either of the two measures must be accompanied by the integrity of the judges, and the shysters should not be allowed to continue litigating illegally just because they are well-known individuals.

Although the judges spend the entire day locked in their offices, dealing with hundreds of cases demanding justice, they are familiar with the work of the shyster lawyers.

Hands Tied

"I cannot do anything," says Javier Hernandez Salinas; because he argues Article 64 of the Civil Code allows anyone to enter the courts with a brief.

The situation is ironic. There is control in the offices, and even the secretaries are cooperating with the order of the Supreme Court of Justice, requiring lawyers to show their identification; but outside, laymen in law have control.

Two days ago, a lawyer showed up with his client at the Second Court of the Criminal District and, when the secretary asked for his card, he became frightened and asked the girl if the order was from the judge. When he felt that he was discovered, he turned around and left the office.

Yesterday afternoon, the same "lawyer" was seated on one of the court benches, talking with a lady who was waiting for the settlement of a case of theft.

Javier Hernandez Salinas, of the Second Court of the Criminal District, remarks: "These people are creating serious problems; cases that are not very important come here: marital disputes, thefts of 500 cordobas, and offenses that allow for bail, but when they reach the judge, the lawyer is already guaranteed a large sum of money, claiming to his client that the case is very difficult."

Sheer Impertinence

Hernandez claims to know of a case of a defendant who stole a pair of shoes, and the attorney is charging him 70,000 cordobas for his defense. Another man who stole a gold chain in the Oriental paid the lawyer 150,000 cordobas to procure his release.

In the Second Local Civil Court, the shysters also have their ways of making a fortune. Judge German Vasquez Carrasco thinks that the movement of the client-seekers must be checked, because they are taking advantage, even with a birth certificate, for which not one cordoba need be paid.

The law for reinstatement of birth certificates underwent an amendment after the revolutionary victory, and stipulates that, "...they are to be processed on ordinary paper and will not entail any fee." But the unawareness of this amendment has caused many persons to have to pay as much as 15,000 cordobas for a document that may be easily procured.

In the case of marriages, the law stipulates that performing them will not require any fee to the judge, but this ruling, unknown to many, is used to advantage by the shysters, who confine themselves to offering advice to the person concerned, charging him as much as 10,000 cordobas.

Vasquez thinks that a campaign should be carried out to inform people about the laws, because if those concerned know their rights and obligations, the shysters will gradually be cut out.

People's Law Office

Managua BARRICADA in Spanish 7 May 86 p 5

[Text] In the opinion of Nidia Barbosa, director of the UCA's [Central American University] People's Law Office, the concept that a good lawyer is one who solves his client's legal problems, and a bad one is someone who tells him that nothing can be done when the situation is obvious, is the reason prompting many people to be trapped by lawyers who promise heaven and earth, but whose only goal is to earn money.

This mistaken notion is closely related to the destructive work of client-seekers and shysters, because the profession continues to be discredited, and the administration of justice is viewed as something that multiplies problems.

It also affects lawyer's clerks, because the population, and even the judicial authorities in some instances, do not attach value to the ability that the students may have to act, at least, as ex officio defenders.

Graduates' Place Needs To Be Defined

Dr Barbosa claims that some graduates who are engaged in the practice of their profession in a law office have been rejected in the courts, because there is no clearcut definition of their function in the exercise of the profession.

One reason is that the Supreme Court, in a recent circular memorandum, omitted the work of the school's graduates who are preparing their monograph. The court's document only authorizes active students and professionals incorporated into the institution to practice their profession.

In this connection, Dr Barbosa claims that the law office has already called upon the Supreme Court to define the situation, taking into consideration the graduates who are interested in legalizing their status, and not those who gave up their studies several years ago and have engaged in illegal practice.

What Work Does the Law Office Perform?

The UCA law office intends to be a laboratory that will contribute to the professional training of the students, and wants the latter, by their work, to benefit a large sector of the capital's population lacking in economic means to solve their legal problems.

Is that objective being fulfilled? Dr Barbosa thinks so, but the demand has increased greatly and there is a fear that it may not be able to respond. It is not a professional fear, but rather fear that the infrastructure might not allow for the housing of a larger number of students.

The lawyer's clerks, who carry out their practice in the law office, number many now. The handling of cases in the criminal civil, and notarial areas has increased. In 1984, 1,458 were received, 1,314 of which received attention. The next year, the law office took in 3,463 cases, and dealt with 3,213.

The students are already not meeting the demands made previously, when the school only required that they present 10 cases handled by them before finishing the course. Now, experience has shown that they can handle hundreds of cases and spend up to 6 months practicing.

Lack of Confidence in Students

Dr Barbosa claims that the first case that a student takes to the courts represents something highly significant in his life, but gradually confidence is gained, because, if one has the theory, he can deal with all problems.

In this regard, she thinks that the population too should have confidence in the students and not view them as nervous youths who don't even know how to talk to the judge. The acceptance of lawyer's clerks in the courts would be a deciding factor for improving the practice of the profession.

Self-Criticism by Law Students

Managua BARRICADA in Spanish 15 May 86 Section B [no page number]

[Text] The fact that the students of juridical and social sciences have no connection with the people, and some proposals for achieving it have not met with any positive response from the university authorities, concerns a group of students questioned yesterday about the lack of control over the practice of the profession and the role of the students in the matter.

The students also commented on the lack of mechanisms for properly guiding the practice of the profession; because many of them are doing so on their own initiative, and the school has no control over the results thereof.

Those who are in the final years of the course pay their visits to the courts "to earn a little money, because they don't even allow us to be law clerks, as students." as one of the young women queried by BARRICADA remarked.

The low-level academic achievement, the old habit of copying in examinations, and the ignorance of the profession's usefulness among the poor people, as well as the need for retrieving a love for the profession for the benefit of the majorities were topics discussed by the students.

Dr Claudia Frixione, who is a full professor at the Law School, expressed the view that the future professionals "must be better, because their training is costing them more than it cost us who lived in easy times, and used to engage only in studying."

Eleonora Lopez Silva, Mayra Piaz Aguilar, Magaly Araica Fonseca, and Lilet Gonzalez Morales agreed in stating that, despite the fact that the Supreme Court authorizes them to carry out ex officio defenses in the courts, none of them has engaged in her practice.

They argued that there is no definite policy regarding their practice, and that, in the UCA People's Law Office, the students practicing there are not doing so as students, but rather as paid workers.

Lilet Gonzalez was of the opinion that the lack of control is also contributing to the students' being trained with the same dishonest professional mentality. As an example, she cited the instance of a classmate who charged a defendant who was virtually about to leave jail 50,000 cordobas.

"We have also brought along vices from the past," asserted Lilet, who added that some students are now notorious in the Law School, because there are people coming to look for them, to demand of them the money given to them, because they failed to solve their legal problem.

Magaly Araica, who took the first years of her course in Leon, says that there is a preference for the old professionals, who already know their skills and who even give presents to certain secretaries to gain their sympathy and speed up the procedures. "They view us as the last ones, and sometimes they don't pay any attention to us," she complained.

Dr Frixione categorizes the students' problem as one of "exclusion from the law," which is closely related to the work of the shyster lawyers, who "are dreadfully discrediting the profession, and that is why many people claim that the lawyer has a license to steal."

The professor also thinks that many are unaware of the real function of the lawyer, and there are defendants who, even though they have ex officio lawyers, request that a professional attorney be assigned to them, and if the latter charges them very little, they think that he is no good.

The future professionals queried admitted, with some reservations, that, as students, they have not been very belligerent about fighting to practice their profession, and have, rather, confined themselves to their studies.

Eleonora Lopez admitted, self-critically, that she has not been concerned about the practice, but that, "Perhaps I am being overly idealistic, but I am studying this sacred profession so as to serve the people later."

Magaly Araica admitted: "We have actually opted for a comfortable position; we have been left to our studies"; adding that students need a greater connection with the people, so as to project themselves as future revolutionary professionals.

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BERNALES LEAVES PSR POST, GIVES IDEAS ON SOCIALISM

Lima EL NACIONAL in Spanish 4 May 86 pp 15-17

[Interview with Enrique Bernales Ballesteros, secretary general of PSR (Revolutionary Socialist Party), by Ricardo Uceda; date and location unspecified]

[Text] Enrique Bernales Ballesteros has announced that he is leaving the position of secretary general of the Revolutionary Socialist Party, and he explains the reasons in the following interview. He also discusses his views on socialism, what unites and estranges APRA [American Popular Revolutionary Alliance] and IU [United Left], and President Garcia's friends who, in the senator's opinion, are not always the best advisers.

[Question] In a letter to a local magazine, you stated that you will no longer serve as secretary general of the Revolutionary Socialist Party. Why?

[Answer] I have been PSR secretary general for 4 years. That gives me the authority to be the first to recommend to my party's members that they not engage in the faulty practice that is unfortunately so widespread in our country's political parties, of an undetermined stay in leadership posts; which creates a kind of political oligarchy precluding renewal.

[Question] There have been disclosures of criticism of the PSR leadership, originating among the membership, and prompting the notion that your resignation from the secretary general's position is associated with them. What self-criticism would you make of your administration during the past 4 years?

[Answer] I shall make the self-criticism, per se, to the congress, and it would not be proper on my part to give it in advance. But I can point out, in a general sort of judgment, that my leadership (which, incidentally, has not been an individual leadership, but rather a collective one) has certainly included mistakes. If we had not made them, we would not have at present certain problems relating, for example, to the status of the party's organization, which is precisely the slogan of the forthcoming congress. So, I am quite aware of mistakes, failures, and limitations.

[Question] Are you aware that there is a movement which would not be in favor of your reelection?

[Answer] I don't believe that there is a situation wherein an underground movement has arisen, urging non-reelection; not at all. I believe that quite the contrary has occurred. I would say that nearly 99 percent of the committees and the membership want my reelection. It is my duty to convince them that this would not be good for the party, that there must be renewal, and that the latter must be the most extensive possible. I say this with the authority that no one, absolutely no one, disputes with me in the party. I would not like us to reach a partisan situation wherein my personal influence would start to be far greater in certain respects than the party's influence.

[Question] How negative do you think that leading role of yours has been?

[Answer] I believe that it is particularly negative for a socialist party. In a vulgar party with political bosses, in which the persona and leader count more, it could be positive; in a socialist party, no. It could even generate certain deviations.

[Question] When PSR came into existence, during the 1970's, it aroused very great expectations precisely because of its unorthodox socialist quality. But later its growth became less, and stagnated. Although this is the problem among nearly all the parties of United Left, why, specifically, has it occurred in PSR?

[Answer] There are many reasons to explain it. In the first place, the fact that we have taken a step in the direction of integrating the entire left. I have no wish whatsoever to deny that our presence in IU has created some problems of identification for PSR. With IU in existence, many sectors that do not want membership in the parties of the Marxist left see no need now for membership in PSR either.

This may have hurt our growth, but we have gained in legitimizing our ideological proposal.

[Question] Perhaps you should be a little more definite in this regard, because when you mention PSR's ideological proposal, there are certain aspects that are left unclear. You have said that PSR is the only non-Marxist party in IU. I understood that it accepted Marxism, but not Leninism, based on some party documents. What is the real ideological nature of your party?

[Answer] We have surmounted this problem, and it even cost us some splits in 1978 and 1982. The ideological propositions consider Marxism, to be sure, as one of their very important elements. I cannot conceive of a socialism wherein the contributions and revolutions made by socialism in the world are not accepted. I cannot conceive of a socialism that does not define itself as deeply anti-imperialist, based on the confrontation with imperialism and with capitalist development, and that does not have as a starting point a class analysis of the relations between capital and labor. We acknowledge Marxism's contributions to the interpretation of the Latin American reality, and the contributions of historical materialism; but we do not endorse dialectical materialism nor certain mechanistic and dogmatic interpretations, nor a socialism which starts with the international to arrive at the national. Moreover, we consider it necessary to accept what has originated from our people's Christian experience; the majority of PSR members are Christians. These are some of the premises which constitute our ideological contribution to IU, which are really helping to expand the front.

[Question] How would you differentiate that manner of accepting Marxism from APRA's position? APRA is not Marxist, but it has consumed Marxist values. It has also been nurtured on the historical revolutions.

[Answer] Yes, but APRA is marked by a concrete anti-Marxist practice. We, in a deep contradiction to APRA, are heading toward a practice of convergence with Marxism. An extremely important difference lies therein.

[Question] Do you think that there are nuances in IU regarding the treatment that should be given to APRA by that front?

[Answer] I believe that there are, overtly.

[Question] What might they be?

[Answer] In the first place, let's not forget that a large number of the forces currently in United Left have had a long anti-Aprista activity.

[Question] Were you ever anti-Aprista?

[Answer] No, and I shall explain why. We can distinguish between a historical anti-Aprista position, which can be explained in the context of what occurred during the 1930's, and the fundamental anti-Aprista position of the Peruvian Communist Party. There is a pragmatic anti-Aprista position, in certain battles and confrontations; it is the one occurring among the members of UNIR [Union of the Revolutionary Left], both in SUTEP [Sole Trade Union of Education Workers] and in the university associations. And there is a positive anti-Aprista position, in which we of PSR share to a certain extent, reproaching the Aprista movement for its deterioration, its pact with imperialism, its conciliation with the oligarchy: these constant wanderings and excesses in its programs, which have made APRA something really elusive. We who came into being during the revolutionary process between 1968 and 1975 have no reason to accept the antihistorical anti-Aprista position of the first instance, nor that of the university student and teachers' struggles of the second.

[Question] Could it be for this reason that there is attributed to PSR what might also be called a friendly anti-Aprista position which, as you have said, is its image, to a considerable extent?

[Answer] If we talk about friendship, we are talking about feelings. Unfortunately, they have often prevailed in the left over reason. But we must learn to be analytical. For example, how can a correct opposition line be devised over the short and medium term if it does not clearly characterize the Aprista government, if it does not admit, with political stringency, the spaces through which Alan Garcia has progressed with his statements, and how he has managed to have an impact on certain social sectors.

[Question] Let's return to a previous question: what are the differences in outlook existing in the left at this point?

[Answer] There are no substantive differences. Although Alan Garcia likes to talk about socialism in his speeches, he is not a socialist; and if he is not a socialist, his party is far less so.

[Question] Then let's call them differences in shading.

[Answer] The differences in shading have occurred, in the first place, because of political realism. This is a government that cannot be denied as having a certain amount of skill in handling short-term situations: price controls, anti-inflationary program, relatively effective impacts in the realm of economic reactivation, a great capacity for leadership and encirclement of the popular movement, though effective action, whether in terms of an Andean trapezoid, ownership in slum districts, or an electric train. There is, moreover a young dynamic president, who has assumed the sound habit of governing outside a palace. We say this; there are others who deny it.

[Question] In fact, because there are really many differences between what you say and what is claimed, for example, in the most recent CGTP [General Confederation of Peruvian Workers] communique.

[Answer] But what is gained by denying APRA's successes? What is gained when we have as much as 75 percent, including IU voters, who seem to be dazzled by this? We prefer to say: this is being done but, be aware: that it does not mean any kind of social change, because it is not affecting the distribution of income, nor the property system, nor the financial or marketing systems, nor is the state developing in all its potential. And we say be aware, because a deceptive populism is occurring, behind which there is taking place a kind of monopolizing, seeking to prevent the progress of autonomous, popular, political speech.

[Question] Do you think that these differences are part of the IU leadership's problem? But, perhaps in your view there is no leadership problem.

[Answer] In the first place, I don't believe that IU's problems include taking a stand against the Aprista government. This seems to me to be an exaggeration of UNIR. All of us parties have clearly established that we are the opposition to APRA, the popular alternative to APRA. Day be day, the problems between Alan Garcia and APRA are becoming greater than the difficulties in management within IU. And there is no leadership problem either: Alfonso Barrantes and a group of parties hold the leadership.

As I see it, the problem is structural: the relationship between that leadership and the rank and file. We have not succeeded in establishing stable lines of vital communication. In brief, we are obviously lacking in organization. We parties ourselves are the problem: our distrust, our reserving of small spaces for ourselves, that complex of jumping like parakeets instead of flying like eagles. I think that so long as there is the ambition among some organizations to be supreme, the problem will continue, and it could nullify the strategic opposition, making it last as a political agreement that allows the forces to progress through electoral careers. If that is going to happen, let's say so for once and for all, because an IU reduced to that alone is a great deception.

[Question] Let's look at it from the other side: What if the movement ultimately becomes a conglomerate, circulating around the supreme leader? In your opinion, does that risk exist, or not?

[Answer] It does not exist. When the people find a factor of collective identification in a person, they adhere to him, because they are adhering to themselves more than to the person. The collective recognition of Alfonso Barrantes is part of the Peruvian people's process in the search for their own identity, which is fundamentally Andean. If IU does not understand this, it would be making a very serious mistake. I say this not only based on political reasoning, but also because of my scientific knowledge in the social realm.

[Question] That fatalism regarding Barrantes might also be applied to Alan Garcia, don't you think so?

[Answer] I don't think so. Be careful, we are talking in sociological terms. A little native of Barranca is not the same as a mestizo from Cajamarca.

[Question] Do you think that a kind of historical compromise between APRA and the left would be beneficial?

[Answer] That should have happened a long time ago. I don't know whether what has transpired has made it inevitable. I have said several times that the popular revolution in Peru requires all the people united, and a large portion of the Peruvian people is not in APRA. But let's make it clear: the unity of the Peruvian people cannot be created in the Aprista movement, but rather, inevitably, in socialism. They would only find a positive sense in a process of alliance or merger between APRA and IU, if this takes place for the historical achievement of socialism in Peru. If not, they would not.

[Question] How would you describe the current tendencies in APRA?

[Answer] There is one clearly conservative tendency, and another progressive one; but it would be impossible to tell which carries the greater weight, because Alan Garcia occupies all the space now. He is the exclusive and excluding weight. But take care: This government is not making reforms so that it may even be called reformist; and it is, at the same time, leaving a dangerous area for action to the Armed Forces. A guarded democracy is not a democracy. It ends up being increasingly more guarding and increasingly less democracy. In the end, the president is left a prisoner in a palace and driven out by the guards.

[Question] You are one of the few members of IU who have frequent personal contact with Garcia. Do you think that he is aware of that risk?

[Answer] I think that he is aware of this, and hence his international policy is based not only on the exercise of anti-imperialist rhetoric, but also on the attempt to open up a space on the internal front for himself, and to provide himself with greater support. The fact is that Alan also has other problems: one, the state apparats are not working for him; two, he has a tense relationship with APRA, a difficulty that he has faced by dispensing with APRA in the government, but using it; and three, he has backed down from the Armed Forces, and runs the risk of becoming just another civilian president, subordinate to the military authority. It is interesting to note that, in Spain, Felipe Gonzalez is succeeding in making the military authorities, who are very powerful, accept the fact that their natural role is one of subordination to the civilian authorities. And Alfonsin is doing this to some extent. Alan Garcia is so clearly mindful and aware of this that he reported it to the Argentine people. But there is a fourth problem: the president's political advisers. They are not the most suitable ones. It is one thing to be a personal friend, but being a political adviser is something else.

[Question] Are you referring to Gonzales Posada?

[Answer] I prefer not to individualize, because it is actually an entire group that is in ministries and different positions, and that really has little or no association with what the president's political discourse says.

[Question] To what will you devote yourself after the PSR congress?

[Answer] I believe that I should have other party tasks, relating to ideology, training, and congressional work. In particular, I feel that I have done very little on behalf of my party's training, despite my training and teaching experience.

[Question] Whom would you like to be your replacement?

[Answer] I don't know. However, it would be feasible if his election were to be a result of a consensus.

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NATIONAL DECENTRALIZATION FORUM: UCAYALI SEEKS REGION STATUS

Lima EL NACIONAL in Spanish (Sunday Political Supplement) 4 May 86 pp 10-11

[Text] Six years ago, Ucayali was raised to the category of a department; now, it wants to become an autonomous region, both administratively and economically. It is the same ardent, obsessive desire that is currently seizing if not all, at least the large majority of the country's departments. Experts and researchers on socioeconomic problems, when commenting on this phenomenon, claim that what is becoming heightened is not a chauvinist movement, but rather a provincial sentiment, which is mythologizing the institutional framework entailed by regionalization which, according to the Political Constitution approved in 1979, must begin to materialize starting in 1988. The origin of this regionalist movement is the Lima centralism which for years monopolized everything, submerging the provinces in poverty and backwardness, some more than others.

The residents of Ucayali want nothing to do with Loreto, much less Lima. Hence, they reject equally Dr Javier Pulga Vidal's theory of transverse regionalization and the National Regionalization Plan. They demand to be set up as a region with full autonomy. They back their proposal on the basis of geopolitical, social, and economic factors. The desire of the residents of this department bordering Brazil was analyzed by experts on regionalization, congress members, provincial and district mayors, political and neighborhood leaders, students, professionals, businessmen, industrialists, and peasants, during the "National Decentralization" forum held last week in Pucallpa, and organized by the Coronel Portillo Provincial Council.

The issue of regionalization has united all political forces: leftists, Apristas, and Popular Action members. This is the topic of the day. This is what we journalists, congressmen, sociologists, and economists perceived during the 4 days that we attended the event, held in the Rex film auditorium of this warm city. There was comment on the streets, in the university councils, educational centers, public buildings, in restaurants, trade unions, surrounding districts, and in financial and economic circles.

The forum brought up for discussion two opposing theories on regionalization, causing long, heated debates. Pulgar Vidal's theory of the transverse region was upheld by Dr Emilio Castanon Pasquel, an expert on regionalization. On the other side were those who maintain that Ucayali should be a region, independent of other departments, with Pucallpa as its headquarters. This proposal is ardently upheld by all Ucayali residents, with the provincial mayor of Coronel Portillo, Manuel Vasquez Valera, as chairman of the commission for the study of grounds for the creation of the region, established 4 years ago.

Dr Javier Pulgar Vidal identifies as a transverse regionalization of the territory that future demarcation which, shaping the scope of the regions, starts from the territorial sea in the West, covers the coastal semi-plain, and crosses the Andean ranges and jungles until it ends in the Amazon semi-plain, in the East.

He claims that the demarcation of the territory in this direction will achieve a genuine national integration, supplementing products and linking people who are relatively scattered but in harmony. It will ensure permanent harvests all year long, because of the variety of technologies that it combines and, if well administered, will make it possible to establish completely populated, resupplied regions, with the ability to gain the country's effective development. He bases his theory on geographical, prehistorical, historical, anthropological, archeological, and economic factors.

In explaining the geographical aspect, he stresses the immense resources of the Peruvian Pacific Ocean, of the rich soils which are offered by the coastal strip, the agricultural soils, mining deposits, water power resources in the mountain range and oil and lumber resources on the Amazon semi-plain.

The ecological grounds prove that, from the territorial sea to the Amazon semi-plain, there extend, situated lengthwise, eight natural regions, ecological levels, or geosystems: Chala or Costa, Yunga or Hot Inter-Andean Valley, Quechua, Suni or Jaica, Puna or Andean Highland, Jaca or Cordillera, Rupa-Rupa or High Jungle, and Omagua or Low Jungle.

As for the anthropological area, he notes that, throughout the millenia, there have been formed on the Andes and the coastal and Amazon semi-plains seven human groups, whose existence will be better understood by considering only the geographical adjustment which occured on the basis of natural resources that man has been using since distant times. These human groups are: the Chalaco, Yuncachu, Quechua, Shucuy, Jatire or Jamille, Chuncho, and Omagua or Charapa.

To explain the economic grounds and the present reality, he maintains that, from the last century to the present, the prevailing trend has been and is to link the national territory transversally, with vehicle roads, railroads, and airlines. The coastwise shipping has surrendered its place to the Pan-American Highway and the longitudinal highway of the sierra and the Marginal Highway of the jungle, which do not serve purposes of longitudinal connection, but rather of transverse traffic.

Based on this demarcation, Ucayali should form part of a region that would also be made up of Lima, Junin, Pasco, and Huanuco, with an administrative headquarters that he does not indicate.

Castanon Pasquel made a persistent defense of this theory and, to refute his opponents, he claimed: "Regionalization cannot be interpreted as a capricious sentiment involving regions dreamed of emotionally. We cannot act with mere emotional outbursts or hypothetical political opportunism, but rather based on realities. An isolated Ucayali would be at a disadvantage for participating in a federal development system."

His remarks fell like a splash of cold water on all of Pucallpa, which was following the debate through a local broadcast that transmitted directly all the occurrences during the event. The film auditorium was crammed with about 3,000 people. The heat was suffocating, with a temperature exceeding 30 degrees. Over 5 hours of debate had elapsed, but the audience had not moved from its seats:it was listening suspensefully and silently to the speaker. When Castanon refuted the Ucayali residents' theory, there was an uproar in the hall which was almost immediately silenced. Some left the hall.

The theory of the Ucayali residents was explained by Mayor Vasquez Valera, who refuted the theory of the transverse region, pointing out that, in order to carry out this territorial demarcation, it would be necessary to amend the State Constitution, which stipulates that a region must be established on the basis of a geopolitical, geoeconomic, cultural, and social unity.

He said that, in addition, the jungle inhabitant has features different from those of the mountain and coastal residents, and that people cannot change overnight.

According to his proposal, the Ucayali Region should be set up based on the four provinces comprising the department: Atalaya, Purus, Padre Abad, and Coronel Portillo. And, in addition, there should be included the province of Ucayali, currently under the jurisdiction of Loreto, and the Huanuco provinces of Puerto Inca and Leoncio Prado. The mayor and a delegation of peasant leaders from this latter province participated in the forum as observers.

Ucayali has an area of 102 square kilometers, equivalent to three times the territory of Belgium. The departmental population exceeds 200,000 inhabitants, and Pucallpa, the capital, has 140,000 residents. The mayor notes that the latter is a cosmopolitan city to which immigrants from various parts of the country come. Recently, it received a large Andean immigration, especially from the departments of Ayacucho, Huanuco, and Huancavelica, which are under a state of emergency to counter the wave of subversion which broke out in that part of the country during 1980.

The immigrants come in search of better opportunities, because in this part of the jungle the resources have not yet been rationally exploited. There are in Ucayali large expanses of land that have not been exploited to date. It also has oil and forest resources, and natural gas reserves in the Aguaytia area. Tract 36, to be explored and eventually exploited by the American multinational firm, Occidental Petroleum Company, based on the recent oil contracts that it signed with the government, lies in the central and eastern section of the Ucayali basin, 150 kilometers southeast of the city of Pucallpa. It is a virgin area, from the standpoint of oil exploration.

Vasquez explained that its conversion into an autonomous region would enable Ucayali to suitably exploit its resources, so as to emerge from the underdevelopment to which it has been subjected by Lima centralism.

He summarized the reasons backing him to have Ucayali declared a region with three points: the ardent determination of its population to emerge from underdevelopment; its natural resources reflected in productivity as an important factor for its economic development; and the geopolitical aspect, because the national security is involved.

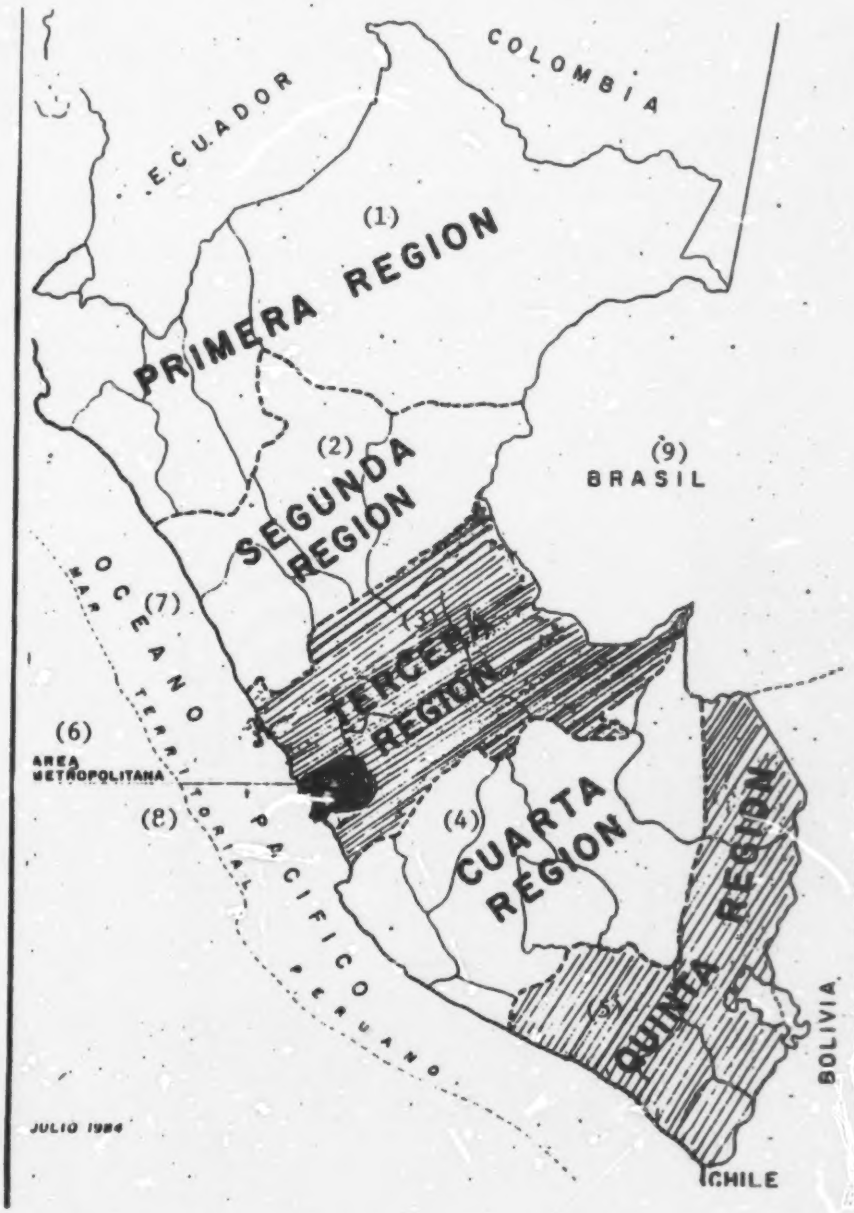
In fact, the department of Ucayali has a border 700 kilometers long with Brazil, the South American giant which, according to the mayor, has succeeded in influencing the population settled near the border in certain respects.

The forum concluded with the establishment of the regional popular assembly, which will be responsible for organizing the strategy for the people's battle, attempting to make their desires a reality.

Key to Map 1:

1. Brazil

Note: Abbreviations "Dist." and "Prov." refer to districts and provinces.


ECUADOR
COLOMBIA
(1)
PRIMERA REGION
(2)
SEGUNDA REGION
(9)
BRASIL
(7)
OCEANO PACIFICO
MAR TERRITORIAL PERUANO
(3)
TERCERA REGION
(6)
AREA METROPOLITANA
(8)
(4)
CUARTA REGION
(5)
QUINTA REGION
BOLIVIA
CHILE
JULIO 1984

Key to Map 2:

1. First Region
2. Second Region
3. Third Region
4. Fourth Region
5. Fifth Region
6. Metropolitan Area
7. Pacific Ocean
8. Peruvian Territorial Sea
9. Brazil

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